



OVERSEAS NEWS

Milosevic under fire for allowing criticism of Tito

By Judy Dempsey in Belgrade

YUGOSLAVIA'S Communist Party leader, Slobodan Milosevic, has invoked the name of the late Marshal Tito to attack Mr Slobodan Milosevic, the populist and increasingly powerful chief of Serbia's Communists.

republics, following a wave of Serbian nationalist demonstrations by Milosevic supporters. In the disputed region of Kosovo yesterday, the party leader, Mr Kacusa Jassri, indicated she would hold out against the campaign of Mr Milosevic to curb the Albanian-dominated province's autonomy. Referring to Serbian claims that Albanians were persecuting Serbs, she said: "No one will be called to account because of a campaign waged through the press or at rallies if there is no supporting evidence."

hard-pressed social services like health and education. Last Saturday, following the worst worker unrest to date, Mr Branko Mikulic, the Premier, announced emergency imports of staples worth \$200m (\$114m). Deputy Premier Jozef Zemanovic said yesterday the value of those imports was being increased and would total \$600m.

Caring Bush outpaces passionless Dukakis

Stewart Fleming sees the vice-president adjudged winner of the second TV debate

WHEN Mr Paul Brontzas and Mr James Baker, the respective chairmen of the Dukakis and Bush campaigns, hammered out last month in exhaustive detail the precise format for the televised debates between their candidates, Mr Baker wanted an insurance policy.

George Bush (left) and Michael Dukakis (right): "Not a question of likeability"

It now faced and so shift the focus away from the past record of the Reagan administration, on which Mr Bush is increasingly capitalising.

no major blunders and was just as articulate as in the first debate at the beginning of the month - an encounter it is generally thought he narrowly won.

of or likeability, it's a question of foreign affairs experience. In knowing Bush's leaders, knowing how to build on a superb record of this administration in arms control because you know exactly how to begin."

Poland's PM stands firm on Solidarity

By Christopher Bobinski in Warsaw

THE POLISH authorities are continuing to resist demands for the legalisation of Solidarity, which will be pressed vigorously by Lesz Walesa and his supporters at forthcoming talks with the Government.

Hungary to press ahead with economic reforms

By James Biliz in Budapest

A LEADING figure in the Hungarian politburo, Mr Rezzo Nyers, has reaffirmed the Government's determination to make sweeping cuts in state subsidies in an effort to restructure the economy.

He also estimated that about 60,000 workers would lose their jobs next year if the process of restructuring was implemented. Although many of these workers could find employment within a few months, some economists believe this will create acute clusters of unemployment in the country.

Botha to meet Ivory Coast leader

By Anthony Robinson in Johannesburg

PRESIDENT P W Botha of South Africa is to meet President Felix Houphouët-Boigny of the Ivory Coast in his fourth meeting with a Black African leader in as many weeks.

EC plans to cut farm support

By William Duffin in Geneva

THE EUROPEAN Community yesterday unveiled a proposal for a concerted long-term reduction in government farm support. It does nothing to break the deadlock which has over farm trade reform in the current talks under the General Agreement on Tariffs and Trade.

Spending on agriculture would be reduced by reference to an aggregate measure of support and "boom" for five years, under the EC proposal. Each country would choose the adjustments to be made to its own practices, in order to comply with the overall reduction.

All the main farm commodities would be subject to cuts in government support, including cereals, rice, sugar, oil seeds, dairy products, beef and veal. But other sectors could be added during the negotiations, the EC said.

US demand still slowing last month

By Anthony Harris in Washington

FURTHER EVIDENCE of a sluggish recovery in US domestic demand appeared in the preliminary estimates of September retail sales yesterday. The total fall for the second successive month, by 0.6 per cent, having fallen by 0.1 per cent in the previous month.

Soviet nationalist unrest spreads to Georgia

By James Biliz in Tbilisi

ETHNIC unrest in Transcaucasia has spread to Soviet Georgia where the rape of a teenage girl has led to demonstrations against Azerbaijanis living in the republic.

Arrests and police raid sharpen Peruvian strike

By Veronica Baruffali in Lima

THE ONE-DAY general strike in Peru was sharpened late on Thursday when police raided the premises of the Electricity Workers' Union, where large quantities of explosive materials were reported to have been seized.

The newspaper indicated relations had been poor for some time in the Marneuli area between Azerbaijanis, a people of Moslem traditions, and Georgians who, like the Armenians, are Christians.

Oil prices surge on Opec hints

By William Duffin in London

OIL prices jumped 45-55 cents yesterday, bringing prices this week to more than \$150 a barrel, traders said, attributing the advance to signs that the Organisation of Petrol Exporting Countries might be ready to mop up the present glut.

Europe's venture funds to outstrip US

By William Duffin in London

EUROPE'S venture capital industry will overtake that of the US by 1993 on current trends, Mr Klaus Nathusius, chairman of the European Venture Capital Association, claimed yesterday, writes Tim Dickinson in Brussels.

US fails to agree Soviet grain pact

By Peter Montagnon, World Trade Editor

THE US and the Soviet Union again failed to agree a new grain trade pact at their latest round of talks which ended in London yesterday.

Brazilian rate cut

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Brazil's financial markets returned shakily to normal yesterday after the Central Bank had sharply reduced the monthly interest rate for overnight accounts from 50 per cent to 43 per cent. Two Deputy reports from Rio de Janeiro.

Egyptian first Arabic writer to win Nobel prize

By Tony Walker in Cairo

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Cairo, he graduated in philosophy from Cairo University in 1934 and soon began a long career as a civil servant. His not altogether taxing job allowed him time to develop talents as a novelist.

of Mahfouz's work, including *The Beginning and the End* and *Midaq Alley*, two of his best-known novels. These are stories of the struggle of the poor and the petit bourgeoisie against the authorities and their environment in an Egypt that has undergone convulsive change in this century.

He is acclimated in Egypt as a national figure but is unlikely to forsake his rather austere way of life. Friends describe him as a humble figure, devoted to his work. "He is not a man of society," observed Youssef Idris.

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OVERSEAS NEWS

### Indian bond issue aimed at nationals abroad

By David Housego in New Delhi

**THE INDIAN** Government yesterday sought to bolster the country's foreign exchange reserves with an issue of bonds, designed to attract funds from Indians living abroad.

The move comes at a time when the balance of payments has been under pressure from a widening trade deficit and the foreign exchange reserves were down 19 per cent at the end of August, compared with a year before.

Under existing schemes, Indians have already placed with the Reserve Bank of India (the central bank) more than \$3bn (£5.14bn) in foreign exchange and rupee deposits—meaning that this source of funds is now substantially greater than the net foreign exchange reserves (excluding gold and SDRs) themselves.

The Government has raised this sum by keeping the interest rates it pays slightly above the international level.

However, as such deposits are mostly short- or medium-term and can be withdrawn, some bankers consider them a volatile element in the reserves.

The novelty of the scheme announced yesterday is that the bonds will be issued in dollars over a long, seven-year maturity but redeemable only in rupees. Thus this issue is aimed at Indians planning to return home and set up businesses in India, or wishing to provide for their relatives.

To offset the disadvantage that investors cannot repatriate their funds in foreign exchange, the Government has priced the issue on terms it believes attractive. Above all, the bond will be exempt from wealth and gift tax in India and carry no foreign exchange risk for the investor.

Subscribers will get interest fixed at 11.5 per cent calculated on the dollar value of their investment, as compared with the current 10.5 per cent earned on three-year deposits by non-resident Indians, calculated on the rupee sum. With the Central Bank expected to continue to depreciate the rupee against the dollar, subscribers will gain from the long-term decline in the value of the Indian currency.

Even so, bankers yesterday were doubtful about the issue's success because it excluded repatriation of funds in foreign exchange. It was felt that the Government was trying to tap what non-repatriable sources of foreign exchange it could before returning to the market next year with another long-term issue that would contain the possibility of repatriation.

The current worrying decline in the foreign exchange reserves had reduced them down to Rs51.7bn (\$2bn) by mid-September.

### Australian monopolies body 'short of funds'

By Chris Sherwell in Sydney

**A SHORTAGE** of necessary resources is preventing Australia's Trade Practices Commission, the Government's anti-monopolies agency, from doing its proper job in the country's increasingly deregulated economic environment.

According to the agency's annual report, it has suffered a 6.6 per cent real cut in funding since 1981, during which time its responsibilities have expanded and overall federal government spending has increased.

The Commission is also subject to a government "cap" on the level of fees it can pay to legal counsel. Because this is below what the private sector is prepared to pay, the Commission says it has faced embarrassing situations in which counsel are not prepared to act for it.

As a result, it is at a disadvantage in dealing with the country's big corporations in instances where industrial concentration may be growing and competition hindered. It is also said to be suffering rapid turnover of staff and losing its most experienced brains.

The comments in the annual report follow similar complaints last month when the Commission said it would no longer seek to force two of Australia's biggest companies, TNT and News Corporation, to sell the Western Australian public transport operations of the airline Skywest.

The issue arose because of the acquisition of East West Airlines by Ansett, owned by the two companies. The Commission wanted Ansett to sell the Skywest operations but no buyer emerged.

### Party merger dents Bhutto victory chance

By Christina Lamb in Islamabad

**A LATE** attempt has been made to spike the chances of victory for the Pakistan's People's Party, the largest opposition party, as Pakistan heads towards its first open, multi-party election since 1977.

On the eve of the last day for filing nominations, a merger was announced yesterday by the two rival factions of the establishment party, the Muslim League, to counter a growing wave of support for the PPP.

The sudden move, which both factions had ruled out only hours before, occurred through pressure from the armed forces. The military, although anxious for elections to take place, would be unenthusiastic about a PPP victory. Despite recent reassurances from Ms Benazir Bhutto, the PPP leader, the army fears that a PPP government would slash the defence budget and seek vengeance for the harsh treatment party members received under martial law between 1977 and 1985.

The defence budget accounts for about 26 per cent of total budget expenditure and 7 per cent of GDP – proportions which many opposition leaders see as being overripe for pruning.

A flood of candidates has joined the PPP in recent days, applicants offering 3m rupees (£57,000) for a party ticket. About 18,000 people applied for 800 national and provincial tickets, including many Muslim League supporters and former ministers such as Mr Rana Naasim Mahmood, Defence Minister in the last Govern-

ment.

Ms Bhutto has drawn strong criticism from party workers for allotting tickets to such people. In Rawalpindi, workers have put up their own rival candidate.

PPP leaders argue that the party must win the elections at all costs and, given the feudal nature of Pakistan's society, people are more likely to vote for influential local figures rather than for those who have suffered in the fight for democracy.

Admission of such local notables made a PPP victory look more certain, particularly after the party announced an agreement with the Jamiat-ul-Islam Party to guarantee it a big share of the religious vote and a large number of seats in North-west Frontier Province.

Such developments worried both factions of the Muslim League, each of which had seen many of its members leave to join Ms Bhutto. The Muslim League (J) of Mr Mohammed Khan Junejo, a prime minister under the military regime, had formed a five-year alliance with two other parties, while the Muslim League (F) of those in the present caretaker Government had entered an electoral alliance with eight other parties, including Pakistan's most influential religious party, Jamiat Islami.

The merger of the two factions under the leadership of Mr Junejo is clearly intended to bring together parties of both alliances in a grand coalition to defeat the PPP, as occurred in 1977.

### US trade deficit falling as planned, despite new figures, says Greenspan

By Stefan Wagstyl in Tokyo

**MR Alan Greenspan**, chairman of the US Federal Reserve Board, yesterday said the US trade deficit was declining in line with general expectations, despite the publication this week of a larger than forecast deficit for August.

Monthly economic data were "highly erratic," he said. "The trade adjustment process seems to be moving appropriately, in that the trend is clearly downward in the US trade deficit."

The adjustment was "still proceeding pretty much according to most people's forecasts," he said, reacting to suggestions that the most recent figures indicated the pace of adjustment was slowing.

At \$12.18bn, the US trade deficit in August was sharply higher than \$9.47bn in July, and higher than forecast by many private economists.

Mr Greenspan was in Tokyo for talks with Mr Satochi Sumita, governor of the Bank of Japan, and Mr Kiyoshi Miyazawa, Japanese Finance Minister.

Mr Greenspan reaffirmed his commitment to agreements signed by the G7 group of leading industrialised countries to keep exchange rates stable. He said the dollar's performance since the G7 pact agreed last December had been "broadly within the limits of stability."

This remark was taken by some analysts as indicating that the Fed was not unhappy with the extent of the recent decline in the US currency from Y133.3 at the end of last week to Y128.25 at the close in Tokyo yesterday, though it may have taken place faster than was envisaged.

Wholesale prices in Japan rose by 0.1 per cent in September from August, but were 0.9 per cent lower than in September 1987, according to the latest figures released by the Bank of Japan.

The data confirm that strong economic growth and a weakening of the yen during the summer put upward pressure on prices, which prompted periodic, though muted, warnings about the dangers of renewed inflation from the central bank.

Even so, a subsequent easing in the pace of economic growth, compounded by the rise this week in the yen, is expected to dampen concern about inflation in Japan.

### Miyazawa denies buying property shares

MR KIICHI MIYAZAWA, Japanese Finance Minister, said yesterday that shares in Recruit Cosmos property company were bought in his name, but that he did not know of the purchase at the time, Reuters writes from Tokyo.

He told a Lower House tax committee that his former secretary bought the shares from Recruit Cosmos affiliate Do-Bess in his name one month before the stock got an over-the-counter listing in October 1988.

However, Mr Miyazawa said he discovered the purchase only this week, after the Japan Communist Party listed those who had received the shares.

The matter emerged as a scandal in July after a newspaper president had resigned when it was revealed that he and his assistants had bought Recruit Cosmos shares.

### Unrest in Algeria worsens strained relations with France

By Victor Mallet in Algiers

**RECENT** anti-government riots in Algiers, provoked by growing domestic concern about economic austerity and political reform, have had the unexpected side-effect of severely straining relations between Algeria and France.

At the best of times, the economic and cultural bonds which tie independent Algeria to the former colonial power across the Mediterranean have been problematic.

This week, though, the underlying tension gave way to public hostility when French leaders and the French media attacked the Algerian Government for its harsh handling of the riots, in which more than 200 young demonstrators are thought to have been shot dead by the army. The French Socialist Party publicly condemned official brutality and said it would follow with interest the fate of hundreds of people arrested.

The Algerians were especially incensed by comments from Mr Jacques Pelletier, French Co-operation Minister. France's ambassador to Algiers was summoned to the Algerian Foreign Ministry on Wednesday to be attacked for his country's "intolerant interference" in Algerian affairs. Mr Pelletier had said: young protesters were rebelling against a lack of democracy in Algeria.

Also, the official Algerian press has accused the French media of a hysterical campaign of misinformation and exaggeration, and journalists have been likened to "vultures in search of carrion with which to discredit the Algerian revolution."

Reimbursements to the Algerian party leaders of the financial costs of their exile are also a source of friction.

The Government's refusal to divulge any information and its restrictions on the media.

France, home to hundreds of thousands of Algerian immigrants, is unlikely to lose its position as one of Algeria's main trading partners. However, the French reaction to the demonstrations, as well as prompting a bitter political dispute in France about the merits of the world's more unsavoury regimes of left and right, has re-opened old wounds in Algeria.

The war which drove from Algeria 1m French settlers, known as  *pieds noirs*  (literally black feet), led to the establishment of an authoritarian Socialist government in Algeria in 1962. It was fought with particular viciousness, and many Algerians feel that France has no right to influence Algerian policy. Ties of language and commerce remain strong, however, and a dispute is still simmering in Algeria over the continuing "Arabisation" of French-language schools pursued by the authorities.

Yesterday, sabbath prayers passed peacefully in the capital and at least one  *imam*  called for calm in a sermon to worshippers. The riots seem to be over and the shops well stocked. President Chadli Bendjedid appears to have been given a breathing space in which to fulfil his policies of political reform.

His first big test is likely to be the referendum set for November 3, when Algerians will give their verdict on a plan to make the prime minister accountable to elected members of the National Assembly.

### President of a nation still searching for its identity

Francis Ghiles on Chadli Bendjedid of Algeria

**FAMILY** ties, regional loyalties and religion are the keys to understanding Algeria.

Against the appearance of a modern state with a progressive ideology, these factors outweigh all others, at street level and in government, and are still the real checks and balances in a society which has yet to forge its identity 26 years after gaining independence from France.

President Chadli Bendjedid is utterly typical of this complex, and complex, nation that has yet to decide between its historic cultural roots and its somewhat-familial vision as a model of third world development.

Every Friday, throughout the 15 years he was military governor of the powerful Second Military Region at Oran, Algeria's second largest city and close to the Moroccan frontier, Colonel Chadli Bendjedid paid a visit to a local  *zaouia*  (holy man), with whom he would discuss the events of the week.

This man, Sheikh Belahouel, was a member of Mrs Bendjedid's family, the Bouroukba, which has held for generations an important position in the  *zaouias*  of Oran. Chadli, one of the most influential in western Algeria. A  *zaouia*  is a shrine where religious education is dispensed and such institutions have played an important role in the country's political life over the centuries. They have also been a place where social grievances were articulated. After he came to power in February 1979, senior members of a number of  *zaouias*  pressed Mr Chadli to reverse the harsh policy of land collectivisation imposed by his predecessor, President Houari Boumediene.

Mr Chadli was born 69 years ago in a family of poor peasants in eastern Algeria, and joined the guerrillas of the National Liberation Front a few months after the insurrection against the French began on November 1 1954.

By independence in 1962, he was playing an important role in the National Liberation Army, whose high command was based in the Tlemcen border town of Ghardaouia. He then went on to run the military region of Constantine. In the mid-1970s he found himself

at odds with the increasingly repressive methods and interventionist economic policies of Boumediene, his former commanding officer.

The president appears to have been profoundly influenced by the Oran region, where he lived for a long time and whose inhabitants are more tolerant than the Chaoui and Kabylie Berbers of the east. The west boasts rich agricultural land and a milder climate than the Armes mountains and the uplands of central and eastern Algeria.

Those who hail from eastern Algeria occupy many senior posts in the army and like to claim that the west did not fight. They benefited most from the Boumediene days, when state industries were promoted and what was left of the country's agriculture virtually destroyed.

When he was chosen by the ruling party as its presidential nominee in 1979, he was a compromise figure. As a colonel in the army, he was both the oldest and the most senior but had no real political experience. He was soon nicknamed Jeff Chandler by his countrymen, on account of his resemblance with that popular American film actor, and set about trying to unshackle his country from the rigid dogmas of the Boumediene era.

That task proved more difficult than anticipated. Those who had found jobs in the state apparatus and industries were unwilling to soften their behaviour, which bore the obstinate pattern of the peasants they had been until 1962. As damaging for the future was the influence of members

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# De Savary near deal over Liverpool festival site

By Ian Hamilton Fazey, Northern Correspondent

**MR PETER de Savary's** Landleisure company is in the final stages of negotiating a 99-year lease on the troubled site of the 1984 Liverpool Garden Festival. The company plans a £4m-plus all-weather, year-round, 45-acre family entertainment complex. Merseyside Development Corporation has put the proposal to Liverpool City Council, which still has first option on taking the site over itself. The council can take up its option or agree to the corporation's finalising with Landleisure.

Mr Keva Coombes, leader of the Labour-controlled council, welcomed the Landleisure proposals but has asked to meet Mr de Savary to see if his plans match what the council feels the city needs.

Dr John Ritchie, corporation chief executive, said: "There is certainly room for discussion, though I would doubt if there is scope for negotiation. However, Mr de Savary's operations elsewhere in Britain have always involved a good working relationship with local authorities."

In 1984 Liverpool council -



Peter de Savary: Good relations with local authorities then Militant-influenced - declining to take over the site after the Government refused extra money to develop it. The original plans would have required £7m to turn the award-winning festival hall into a sports centre, with annual running costs of £1.25m.

enable a private-sector developer to be found. It ran the gardens itself in 1985 and then signed up Transworld Leisure the next year. Transworld failed after a disastrous wet summer's trading in 1986.

The gardens have been managed temporarily this summer by Maximam Entertainment, but are now shut for the winter. Trade has again been disappointing because of poor weather. The key to successful leisure development is seen as creating an all-weather facility. The garden festival itself succeeded because 1984 was the best summer of the decade.

The riverside site includes the festival hall, arena, Chinese and Japanese gardens and water features. About 60 acres of the rest of the original 125 acres of festival area has been sold for upward housing and building is in progress.

The remainder is now a pleasant road through open parkland. The whole site was reclaimed from diseased docks, a petrochemical tank complex and a council rubbish tip, but difficulties over its long-term future have cast a shadow over garden festivals elsewhere.

# Jewellery fuels rise in demand for hallmarking

By Joel Kibazo

**THE NUMBER** of items offered for hallmarking has increased substantially in the last year, mainly for the jewellery market, according to official figures released this week.

Figures for the quarter ending September show that the total number of gold, silver and platinum items submitted to the four Assay offices for hallmarking have increased from 5.7m last year, to just over 6m for the corresponding period this year, a rise of 6.15 per cent.

The Assay office says: "The overall trend is encouraging and augurs well for a busy last quarter for both the trade and the Assay offices."

Most items offered for hallmarking are jewellery and retail jewellery sales are expected to grow by more than 20 per cent this year.

According to a study conducted by Barclays de Zoete Wedd on the jewellery market, several factors have led to this surge in the market.

Chief among them has been the rise in personal disposable incomes, which have risen by about 4 per cent since 1986.

Government figures show that since 1976, annual expenditure on jewellery has remained static at 1.6 per cent, but in absolute terms that rate has meant a large increase on the amount available to spend on jewellery.

Other explanations for the rapid growth are said to be:

- Lower prices for most of the lightweight and hollow jewellery now on the sale, stemming from lower manufacturers' markups and strong competition among retailers.
- A rise in the number of working women over the last 10 years who have chosen to spend part of their income on jewellery - 15 per cent of all jewellery sales being to women buying for themselves.
- Jewellery is increasingly seen as an item of everyday wear, so that people buy such items more often.
- Increased advertising and promotion have given jewellery a stronger image and brought it more into the public consciousness.

# Tayto tastes crisp success by post

By Our Belfast Correspondent

**MAKING A PROFIT** from posting potato crisps abroad might sound like the bird-brained scheme of a nutty professor. But to the hofhofs of Tayto Castle, deep in the heart of Ulster's countryside, it is a deadly serious business and an important marketing ploy.

"Our cheese-and-onion flavour is world famous," Mr Raymond Hutchinson, Tayto's joint managing director, exclaims proudly. "We operate an overseas postal service and you will often find people at airports carrying boxes of our crisps under their arms."

The Tayto's success story in Northern Ireland began in 1955, when Mr Hutchinson's father, Thomas Hutchinson, bought a 19th century Co Armagh castle from the Duke of Manchester for £5,000.

Mr Hutchinson senior had

acquired the right to use the Tayto brand name from a company in the Republic of Ireland and he soon established his products as market leaders in Ulster.

The legend of Tayto Castle is well known to anyone who has ever sampled the product as every packet carries a fully illustrated story of how the crisps are made.

Today Tayto is one of the most successful independent companies in the UK's snack foods industry producing 500,000 packets of crisps every day. It has more than 20 per cent of the crisp and snack market in Northern Ireland.

Last year the company made a profit of £1.2m on a £8m turnover and the 29 per cent increase in volume this year has brought the prospect of even better returns.

Twelve flavours of crisps and the recently launched "crinkle cuts" have helped keep Tayto to the fore and new lines in "jacket fried crisps" and "children's 5p snacks" are planned.

Perhaps the company's most enterprising development has been the use of the silicone "chip" in the search for the perfect crisp.

Mr Peter Viggers, Northern Ireland Industry minister, last week officially opened a new computer-controlled potato store at the company's Tandragee Headquarters as part of a £2.5m investment backed by the Industrial Development Board for Northern Ireland.

The 23,000 sq ft store is one of the most modern in Europe and will be used to house an all-year-round supply of top-quality locally grown potatoes for use in potato crisps.

The environment of the store is computer-controlled to ensure that the potatoes are kept in correct conditions of temperature and humidity.

Mr Hutchinson said: "As well as insisting on top-quality potatoes from our suppliers, we also place stringent quality standards throughout the production process and have a quality-control department under a qualified fruit technologist."

The investment programme will also include the introduction of computerised weighing and packing machines which will ensure that Tayto maintains its place as one of the most modern and efficient snack food plants in Europe.

Last week's investment will also enable Tayto to increase employment by 26 over the next two years to 240.

# Machine tool spending 'to rise'

By Nick Garnett

**EXPENDITURE** on machine tools by British industry this year is expected to jump by a quarter, according to the latest independent forecast for the sector.

Such an increase would mark a welcome recovery from the depressed purchasing levels of 1987, when large sections of manufacturing industry stopped purchasing new shop-floor production equipment.

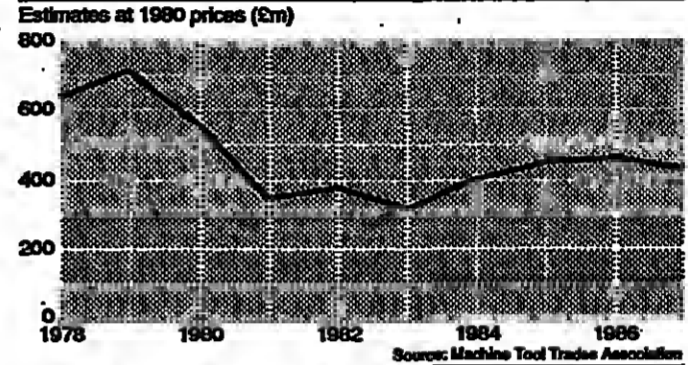
The UK market for machine tools, though, would still be below that of 1979, in comparison with some of the main European manufacturing nations where expenditure in real terms has increased.

Sales of machine tools in Britain are predicted to be £246m for this year, according to a study by Oxford Economic Forecasting on behalf of the Machine Tool Trades Association.

"That would be an increase of 26 per cent over the 1987 level of £271m. Even taking into account increases in the price of cutting machines, it represents a substantial increase in shop-floor investment."

Purchases of machine tools in 1987 fell compared with the

UK Consumption of Machine Tools



£727m spent in 1986. One reason for the decline last year was a change in capital allowances.

Mr Geoff Noon, the machine tool association's statistician, says the OEF report also found that investment by large-scale users of machine tools was much worse than industry as a whole.

Projections for this year are based on UK imports and exports of machines in the first half of this year and production for the first quarter.

The report from OEF, which is part of the Templeton management college in Oxford, suggests that the UK market for machine tools will exceed £1bn in 1990 and might reach almost £1.25bn by 1992.

Even those figures, however, are still below 1979 purchase levels in real terms. At constant 1980 prices, the UK market was worth £706m in 1979. The values for 1980 and 1992 on the same basis would represent just £511m and £560m respectively.

# BA wins £1.5m Concorde charter deals

By Michael Donne, Aerospace Correspondent

**BRITISH AIRWAYS** has won two round-the-world charter contracts for Concorde, worth about £1.5m, from Intrans, a US operator.

One contract, involving Concorde flights between Hong Kong, Fiji, Sydney, Delhi, London and New York, has already begun.

Mr George Rindell-Pound, brands manager for Concorde, says the deal was good because Intrans had previously used Air France Concorde for its charters.

"So it is very much a boost for us and means that BA is making increasing headway in the American market to be regarded as a top carrier."

British Airways said yesterday it was spending up to £250,000 to improve the quality of the laboratories on its seven Concordes.

The work will be undertaken by Metair, the aircraft equipment specialist.

The laboratories have not been upgraded since Concorde went into service in the mid-1970s.

# Occidental poised to lift main Piper Alpha living quarters

By Steven Butler

**OCCIDENTAL** Petroleum yesterday stood ready to begin lifting the main living quarters of its Piper Alpha oil platform from the sea bed, provided relatively calm weather continues.

The 1,100-tonne, four-storey structure is thought to contain the bodies of up to 112 victims of the disaster, which claimed a total of 167 lives on July 6 when a series of explosions and an intense fire destroyed the platform.

The accommodation unit had already been lifted from the spot where it settled on the sea bed and transferred to a steel lifting cradle. The retrieval will rank among the biggest lifting operations mounted in the North Sea.

The unit will be loaded on to

a barge and towed to the Flotta oil terminal, where it will be searched for bodies by the police.

A smaller accommodation unit which was retrieved from the sea earlier this week has been searched at sea, although police were unable to locate any bodies.

Most victims of the disaster are thought to have assembled in the main accommodation unit.

Meanwhile in London yesterday substantial progress was reported to have taken place at a meeting between a steering committee of lawyers representing victims of the disaster and legal representatives of Occidental Petroleum.

The lawyers have been seeking to reach agreed terms on

an out-of-court settlement for claims against Occidental arising from the disaster.

Detailed offers to families of the victims were presented at the meeting. They are now to be communicated to solicitors representing the families.

Both sides have accepted the principle that settlements payments would be pitched somewhere between awards that would be typical in US courts and awards typical in Scottish courts.

Agreement to pass on detailed settlement offers to the solicitors representing families appears to indicate that the steering committee itself is satisfied with the size of the offers, thus increasing the chances of reaching a final settlement without litigation.

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# IF THIS ANNOUNCEMENT HAD BEEN TWICE THE SIZE, YOUR IMPRESSION OF US WOULD BE SUBSTANTIALLY DIFFERENT



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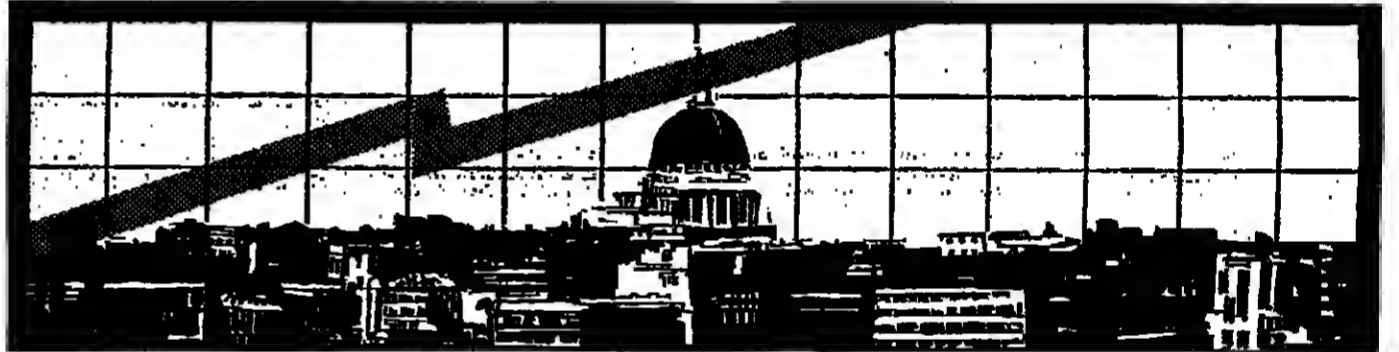
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# The FT / British Venture Capital Association Venture Capital Financial Forum

London, 1 & 2 December, 1988

This will be the sixth in the highly successful series of Venture Capital Forums arranged by the Financial Times and the British Venture Capital Association (BVCA). The event provides a unique opportunity for venture capitalists, professional advisers and industrial companies alike to meet growing private companies. The companies presenting will all be raising capital - some for the first time - or planning to go public.

The Forum is a two day event arranged to allow the maximum amount of time for meetings between delegates and participating companies. Each company makes a short formal presentation in one of the morning sessions and the afternoons are set aside for private meetings with delegates. This year the timetable will allow for presentations by between 20 and 30 companies. They will be selected by the BVCA to represent a wide range of industrial and service sectors with companies at different stages of development from start-ups through to well established businesses. Any company which would like to make a presentation should contact Victoria Mudford at the BVCA on telephone: 01-836 5702, fax: 01-828 4919 or complete and return the form below.

Who should attend? Venture Capitalists, corporate finance advisers, stockbrokers, accountants, pension fund managers and other institutional investors. In addition, industrial companies interested in corporate venturing or seeking to acquire companies and products.

Due to the format of the Forum, attendance will be limited and early booking is advised.

## Venture Capital Financial Forum

Complete and return to:  
The Financial Times Conference Organisation  
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Tel: 01-925 2222, Tlx: 27347 FTCONF G, Fax: 01-925 2125

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Please tick (✓)

- I am interested in attending the Forum as a delegate, please send a registration form and further details.
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BRITAIN'S Conservative Party is more confident about its future than it has been at any time since it won the general election of 1979. Its leader, Mrs Margaret Thatcher, has been Prime Minister for over nine years.

The green and blue party

BRITAIN'S Conservative Party is more confident about its future than it has been at any time since it won the general election of 1979. Its leader, Mrs Margaret Thatcher, has been Prime Minister for over nine years.

Tory Europe

Two new themes did, however, stand out. On Europe, Mrs Thatcher repeated her view that a cology of nations was the ideal, rather than an evolving federalism.

Insuperable task

The largest opposition party, Labour, has yet to put its house in order. It is still dominated by trade union bosses.

It is, therefore, hardly surprising that Mrs Thatcher adopted such a relaxed tone in her speech.

The second new theme was the environment. The Prime Minister signalled an interest in threats to the global ecology in a recent speech, and yesterday she proclaimed that Conservatives are not only friends of the earth, but also its guardians and trustees for generations to come.

Stewart Fleming assesses the US presidential candidates' economic views

Sharing the future's worries

As the US election campaign enters its decisive phase, neither candidate has proposed an economic program which commands such widespread support that he is assured of a dominant role in setting the nation's economic priorities when he takes office.

A Bush presidency will see economic policies much closer to those that Dukakis might espouse than either suggests

Governor Michael Dukakis of Massachusetts, his Democratic rival, says that the Reagan record is one of a Rake's Progress into debt with the rich growing richer and the middle class being squeezed.

Both Mr Bush and Mr Dukakis say that a reduction in the budget deficit is needed. But the proposals each has put forward are widely dismissed as election year propaganda.

current account deficits of over \$150m each. A longer term perspective also presents a picture of an American economy which many politicians, businessmen and economists find disturbing.

But this is widely seen as a dangerous long term strategy. The US has accumulated a large debt which financial risk worldwide, currency and capital markets everywhere are mesmerised and destabilised by the unprecedented absolute scale of the US debt accumulation.

Neither candidate's plan responds to the growing pressures for increased Government spending to meet needs which are perceived to have been neglected during the Reagan era.

Diagram comparing economic indicators for 1988. Left column: Prime rate 10%, Net international investment position +\$500bn, Inflation 13.5%, Balance of payments current account +\$1.9bn, Personal disposable income \$9,722. Right column: Prime rate 9%, Net international investment position -\$600bn, Inflation 4.1%, Balance of payments current account -\$70.3bn, Personal disposable income \$11,263.

lagged behind those of white males. This in a country which already has an estimated 28-29m functional illiterates.

Mr Dukakis in particular has been focusing attention on these questions. In the view of his close adviser, Larry Summers, a Harvard economist: "The real issue is how we are going to promote investment."

Mr Dukakis's ideas have raised questions about whether what he has been doing on the state level can be translated to the national scene and, in the business community, concerns that the closer partnership he envisages between Government and business would be on terms that business would not like.

Declaring he wants to be the "education president", he has proposed spending modest amounts of federal government money to improve education. He has proposed a tax concession to help taxpayers meet the bill for child care, and another to help middle class Americans pay for their children's college education.

MAN IN THE NEWS

Keizo Saji, president of Suntory, the Japanese drinks group which last week announced a worldwide marketing alliance with the Allied-Lyons food and drinks group, is a rarely among successful Japanese businessmen.

A taste for art, jokes, success... and whisky

By Ian Rodger in Tokyo



Mr Saji is an keen artist, and in 1984 won the Japanese Prime Minister's Award for painting achievement among businessmen and politicians.

making it Allied's third biggest shareholder. Allied is to pay ¥8m for a 1 per cent stake in Suntory, becoming the Japanese company's first outside shareholder.

A joint venture will be established to sell Allied's spirits brands in Japan and Suntory products in other countries, particularly to North America.

On a recent trip to France Mr Saji travelled on a TGV fast train and had a sumptuous meal with wine. He tried that in comparison, Japan's bullet trains were merely efficient.

pledged large amounts of Suntory money sponsoring musicians and artists. The company spent ¥80m (500m) backing the construction of Suntory Hall, Tokyo's first purpose-built concert hall.

Advertisements for TI Cheswick (exhaust pollution legislation), Apollo (aerospace technology), and Tru-Form (crosses the Atlantic).

Handwritten notes and signatures at the bottom left.



Mrs Thatcher remains a fixed point around which the Tories revolve. Peter Riddell on the party conference

A week of looking for the Big Idea

"WE'VE SLAYED most of the dragons... the trade unions, state industries and Labour Town Halls. Now we've got to offer something else. There'll be a great prize for the first person to articulate a vision to inspire the party for the 1990s. It hasn't happened this week," said one senior minister as he assessed the state of his party.

For the Conservative Party conference has seen not only an attempt to find the Big Idea for the 1990s, but also a jockeying for position. At each of the late night parties the first question put by any Cabinet minister to a journalist, after looking over his shoulder to see whether any of his rivals was listening, was "who do you think has had a good week?" (The "apart from me" was generally, though not always, unspoken).

Mr Major's influence has been behind the scenes. He has been holding bilateral meetings in his room in the Grand Hotel with fellow ministers over next year's public spending plans. In the hope of limiting any overshoot on the existing target of £187bn to no more than £2bn or £3bn at most. The outcome affects not only the financial markets' view of Government economic policy but also the relative standing of ministers. For instance, Mr Kenneth Clarke, the Health Secretary, was able to enjoy his triumph on Thursday of announcing extra money for the nurses' pay award only after talks with Mr Major were completed late on Wednesday.



Jockeying for position: Mrs Thatcher with (to her right) Peter Brooks, Tom King and other senior Tories

Peter Brooks, the Paymaster-General and party chairman. Mr Brooks, a politician's politician, not only has authority but also charm and a delightful old-fashioned wit. (The Treasury thought, it's said, of naming the new National Savings capital bond after him.)

Mr Brooks is among the half-dozen possible next entrants to the Cabinet - the others being Mr Norman Lamont, the Financial Secretary to the Treasury, Mr Michael Howard and Mr John Gummer from the Department of the Environment, together with Mr Tim Renton from the Home Office and Mr Chris Patten, the Overseas Development Minister. Mr Patten, who was under suspicion for some time in Downing Street as "not one of us," now seems on the way back from the Tories' equivalent of a Siberian power station.

Outside existing ministers, Mr Michael Heseltine has had a reasonable week in his marathon task of avoiding the usual obligation of backbenchers and staying in the race for the long-term succession.

Mr Norman Tebbit, his erstwhile backbench ally in proposing the abolition of the Inner London Education Authority, has had a bad week. His book, Upwardly Mobile, is seen not only as badly timed but also as politically mistaken in taking over such arguments. It has alienated old adversaries such as Lord Young and Mr John Wakeham, the leader of the Commons. The book's much-publicised reference to Miss Sara Keays has not helped the Energy Secretary by providing a reminder of past problems. There are two notable absentees from such discussion - Mrs Thatcher and the opposition. For most Tories the Prime Minister remains a fixed point and the opposition parties are not at present a serious challenge.

A singularly imaginative undercover operation which last Tuesday led to indictments against more than 80 alleged narcotics dealers, smugglers and drug money launderers began life as a small scale, routine anti-drugs initiative in Tampa, Florida. It involved one agent posing as a Mr Robert Musella, a fast-living local businessman with a private jet and connections with a doorman, led to an elevator and emerged in the car garage to be clipped in handcuffs by customs officers and agents from the Federal Bureau of Investigation.

They arrived at the restaurant where they had been invited to dine. They were checked off a guest list by a doorman, led to an elevator and emerged in the car garage to be clipped in handcuffs by customs officers and agents from the Federal Bureau of Investigation. "I thought they only did this kind of thing in the movies," one of them moaned as he was driven to jail by the customs agent who minutes before had posed as his chauffeur.

Janet Bush reports on the US investigation into money laundering. The FBI spoilt the wedding. District Court in Tampa. Customs officials alleged that they had unravelled cocaine dealing rings in seven US cities and a complex web of work for "laundering" drug money - turning drugs receipts into anonymous bank deposits - in eight foreign countries.

longer than his present inclination. If Mr Lawson and Sir Geoffrey Howe, the Foreign Secretary, remain the commanding figures of the Government apart from Mrs Thatcher, the Cabinet's other heavyweights had a mixed week. Mr Douglas Hurd, the Home Secretary, survived the law and order debate with a thoughtful speech which offered no easy options. He is still the head preferred, respected rather than widely-liked. Of the others, Lord Young, the Trade and Industry Secretary, has had a busy year and had little new to say in Brighton. His emphasis on the creation of the single European market in 1992 may not be the Big Idea either; it is too distant from everyday concerns. And, for all his often unappreciated qualities, Mr Nicholas Ridley, the Environment Secretary, is hardly the man to lead

the "green" crusade. Mr John Moore, now stripped of health and simply Social Security Secretary, experienced how hard politics can be when you fall out of favour. His speech was received very coolly. A still rising star, Mr Kenneth Baker, the Education Secretary, found himself for once, out of the limelight. By deliberate decision of the party hierarchy, his speech on Thursday was timed so as to be overshadowed by those on health, the economy and foreign affairs. By contrast, Mr Kenneth Clarke was given a chance to shine. The other impressive performers of the conference were unexpectedly Mr Paul Channon, the Transport Secretary, Mr Norman Fowler, the Employment Secretary (both previously regarded as possible candidates for sacking next year) and Mr

investigation is absolutely crucial for the message that it sends to international financiers. "In the early 1980s, banks had an incredibly casual attitude towards customers shifting around huge sums of money," she said. "By 1988, when I left Operation Greenback, they had become very cooperative." The case against BCCI et al is regarded as a new benchmark. It is the first time that an indictment has been served against a major financial institution which alleges complicity in money laundering rather than simply acting as a conduit for the funds. The FBI cooperated with the US Customs in the later stages of Operation C-Chase, a name which stands for the C-note or \$100 bill, passed through world banks as money is laundered or rolled up and used to

Twice in the indictments against the bank and its officials, meetings are recorded between Mr Awan and Mr Akbar Bilgrami, Mr Awan's superior in the Miami office, with an anonymous agent. On one occasion, according to the indictment, the BCCI officials asked the agent to place funds on deposit for the sole purpose of enhancing the bank's financial condition. On the other occasion, the BCCI officials are alleged by the indictment to have told the agent that they would place funds on deposit with the bank for the same purpose. Ms Tischler said that the US Customs had brought an indictment against the bank as a whole because it believed it had evidence that the alleged money laundering was not for personal gain but was bank policy.

LETTERS

"Does this mean one sister will work 24 hours, 365 days a year?"

From Mr P.A. Freeman. Sir, I read with horror the comments made by the chairman of the management side of the nursing negotiating council. ("Government to impose wage rises on nurses," October 12). He says the management wants to ensure a single sister had continuing responsibility for a ward. Does this mean that one sister will work 24 hours, 365 days a year, or that she will be responsible for the

ward even if out of the country on holiday? The other point causing distress to nurses is that the inability of all sisters in charge of a ward or specialist unit to achieve the higher grade will push down the gradings of other nurses. On many intensive care units there are several sisters responsible for 18 beds. The centre can be built on about 35 acres, no larger than an average cornfield. I have acquired my first such

other sisters will be on grade F. This leaves only two other nursing grades, D and E. The intention of the regrading was to recognise nurses with specialist training and skills - implying that those with such qualifications would be on grade E. This presents two problems. The first is that staff nurses who have specialist qualifications and take charge of the unit - are they to be graded as staff

nurses who do not take charge or as sisters who have additional responsibilities such as teaching. The second is staff nurses who take charge of a ward and who will be graded as E because of their additional responsibility. If they do not have specialist qualifications they cannot then move into a specialist field without being downgraded. I regret the effect of this regrading. Far from improving

recruitment in areas of acute staff shortage, such as intensive care and paediatric intensive care, it will make it impossible for experienced staff to move into these fields. It is a sad reflection of the Government's mishandling of the issue that we now risk a collapse of morale and an exodus of staff from our hospitals. P.A. Freeman, 37 Harlesden Road, St Albans, Herts

2. Neither in 1968, or at any time before or since, was the Royal Ulster Constabulary unarmed. That was a recommendation of the later Hunt report, and Sir Arthur Young attempted to implement it, but the "window of opportunity" was closed. To understand the situation in Northern Ireland, and hopefully to ameliorate it, it is necessary to have a detailed, accurate awareness of its origins. A.J. McEvoy, Ecole Polytechnique Fédérale de Lausanne, CH-1015 Lausanne

From Mr A.J. McEvoy. Sir, While your report on the 20th anniversary of the original Derry civil rights march is generally accurate ("Ulster marks 20 years of civil war with no peace in sight," October 5), I would like to make two points. 1. The march, though involving "for the most part political moderates" and directed against what are now universally recognised as legitimate grievances, was banned by the Stormont administration of the time and violently dispersed by its police.

A solution to calm those 'infuriated' golfers

From Mr N.P. Elmer. Sir, May I calm the "infuriated" Ben Wright ("Save golf from the yoke," October 6). As a professional golfer who has seen the massive increase in demand for golf from, dare I say, "hackers," I have a solution - golf training centres. Each would consist of a 30-40 bay floodlit driving range, with video teaching facilities and clubhouse, where beginners can practice without damaging the course. A nine-hole, 18-hole, three course with holes of specific length would test the use of all clubs and, after a course

of lessons, the beginner could take his first drive under the supervision of a professional, who would introduce him to "the etiquette of golf." A membership card would be issued after achieving a certain handicap standard, providing a certificate of ability when visiting other private courses. The golf training centre technique is already proving to be very successful in France where they are developing 18 sites. The centre can be built on about 35 acres, no larger than an average cornfield. I have acquired my first such

site in the south of England and construction will start early next year. A capital outlay of £200,000 to be recouped within four years brings dreams of the development of many such sites. However, perhaps Mr Wright could first help me calm my "infuriated" bank manager who, not being a golfer, is less convinced as to these potential gold mines. After all, as he keeps telling me, "It is only a game". N.P. Elmer, Hundreds Farm, Longside Lane, Wolurn, Milton Keynes

Understanding Northern Ireland

From Mr A.J. McEvoy. Sir, While your report on the 20th anniversary of the original Derry civil rights march is generally accurate ("Ulster marks 20 years of civil war with no peace in sight," October 5), I would like to make two points. 1. The march, though involving "for the most part political moderates" and directed against what are now universally recognised as legitimate grievances, was banned by the Stormont administration of the time and violently dispersed by its police.

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From Mr N.L. Gregory. Sir, Reading Robin Lane Fox's piece on the Bodleian Library ("The Oxford ark that Bodley built," October 8), it is pleasing to think of it coexisting a copy of Albert Macadie's earlier work: "Grampaw, wix you in Noah's ark? "Nut at all... Nut at all!" "Hoo did ye no get droont, wether?" N.L. Gregory, 380 Ifley Road, Oxford

Mr Heseltine complains about a process which he himself started

From Mr George Nicholson. Sir, No one who remembers Mr Michael Heseltine's record as Secretary of State for the Environment can take him seriously when he complains about Mr Nicholas Ridley's high-handedness ("Heseltine makes a plea on behalf of less well-off," October 12). Was it not he who imposed the first special development order at Hay's Wharf after the Inquiry Inspector recommended against the proposed

office scheme? Was it not he who overruled the Inquiry Inspector after a public inquiry into another large office scheme on the "South Bank," a decision which destroyed Southwark's only outstanding conservation area next to Southwark Cathedral? Similarly, in Docklands, the less well-off - whom Mr Heseltine now professes to want to help - suffered the imposition of another of his

projects, the London Docklands Development Corporation. As a result they have witnessed increased social polarisation and deprivation, whilst vast sums of money are made by developers with the help of government subsidy. Since 1979, Conservative governments have adopted a consistent policy of interference in what was previously regarded as a sensible system of checks and balances between local communities and the central

Inside the ark.

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Cost is the simple reason why company pension schemes are not index linked

From Mr M. Brown. Sir, Cost is the short answer to Mr Tomkins, who asked (Letters, October 5) why pension schemes do not provide index linking in retirement by making greater use of index-linked government stock. The availability of index-linked stock removes most of the problem of risk and uncertainty but not the problem of cost. To provide a pension for a man retiring at 65 whose pen-

sion would carry on at half rate to his slightly younger wife, the cost with index-linked increases is something like 75 per cent greater than the cost of a similar pension with no increases. Alternatively, for every £100 of pension with no increases, only approximately 257 of index-linked pension can be provided, unless someone is prepared to contribute a lot more money. Transferring the burden to

the Government (or more accurately, to the taxpayer) would not solve the problem of how to meet the substantial cost. It is precisely because of its worries about future costs that the Government decided it would no longer continue to provide full inflation proofing on the guaranteed minimum pension (GMP) context of occupational pensions and that is why schemes now have to provide the first 3 per cent of increases on GMPs for service from April

1988 onwards. Even though full index linking is so expensive, I have considerable sympathy with pensioners whose pensions lose their real value. In the mid-1970s when liabilities were rising rapidly and investment returns were negative, it was understandable that so many schemes were unable to maintain the real value of pensions in payment. Even now, the financial position of the employer must also be taken

into consideration. Nevertheless, I certainly support the plea of Mr Tomkins that when assets are increasing substantially faster than liabilities, companies should wherever possible, maintain the real value of pensions before reducing their own contribution rates. M. Brown, Company Pensions Information Centre, 7 Old Park Lane, WI

Table titled 'BUILDING SOCIETY INVESTMENT TERMS' listing various investment products from building societies like Abbey National, Alliance and Leicester, and others, with columns for Applied rate, Tenor, and Minimum investment.

UK COMPANY NEWS

Kelt launches hostile £208m bid for Carless

By Nikki Tait

THE ALREADY complex situation at Carless, UK oil independent, took another dramatic twist yesterday as Kelt Energy, a smaller quoted oil company, launched a hostile £207.5m bid.

without knowledge of the latest development, Kelt, which announced on Monday it was considering a full offer for Carless, made it conditional on the offer being approved or the Ryan deal being voted down.

holders 54 plus one Kelt 6p convertible preference share for every four Carless or a cash alternative of 115p. The bid is being financed by a £195m loan facility from American Express.

Sandell claims victory in T&A battle

By Philip Coggan

SANDELL PERKINS yesterday claimed victory in the bid battle for fellow builders merchant Travis & Arnold.

Tiphook offers £71.5m for Rentco

By Vanessa Houlder

TIPHOOK, transport rental group, is set to become the largest trailer rental company in Europe with a £71.5m recommended offer for Rentco International.

Rentco has a rental fleet which operates from 40 depots in the UK, France, Holland, Belgium, Finland, Sweden, the Republic of Ireland and Germany. It is particularly strong in France and Finland, where Tiphook is at present poorly represented.



Robert Montagne - Tiphook chairman in European network

The European trailer rental market is expected to grow strongly over the next decade. According to industry forecasts, it is expected to double by 1992.

Hammerson bucks the trend

By Paul Cheseright, Property Correspondent

HAMMERSON, one of the major British-owned property investment and development groups, yesterday bucked the trend of higher earnings in the sector when it announced reduced pre-tax profits for the first half of 1988.

should not be less than the £5.14m recorded in 1987. Earnings per share for the 1988 first half at 10.23p, against 11.27p last year, were lower than the market had been expecting.



synonymous with Hammerson, now 67 but resistant to speculation of his imminent retirement, is remaining as chairman but is giving up his role of joint managing director.

B&D sells its Gateway stake

By Nikki Tait

BARKER & DOBSON, the supermarkets group which is about to change its name to Budgets, has sold its remaining shares in Gateway, formerly Dee Corporation, for which it waged an abortive £22m bid earlier this year.

Fisons in 'unique' rights move

By Claire Pearson

FISONS, the pharmaceuticals and horticultural group, has come up with a novel solution for shareholders frustrated by last month's postal strike in their attempts to subscribe for shares in its recent £165.3m one-for-six rights issue.

TSB Group debut on debt market

By Dominique Jackson

TSB Group made its first entry into the UK domestic debt market yesterday with a £100m issue of 30-year fixed-rate subordinated loan stock. The issue will be placed with domestic institutions and is being arranged and underwritten by SG Warburg Securities.

Pao's stake in StanChart falls below 10%

By Claire Pearson

Sir Y K Pao and his associates have sold their allotment of shares from Standard Chartered's recent £303m rights issue. Mr Bill Brown, managing director of the international banking group, confirmed yesterday.

Elders Invs lifts James Finlay stake to 6.29%

By Claire Pearson

Elders Investments, which on Thursday revealed it had been buying shares in James Finlay, international financier and trader, yesterday disclosed it had lifted its stake to 6.29 per cent.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date of payment, Corres. Dividend, Total for year, Total last year.

LONDON RECENT ISSUES

Table with columns: Issue, Price, Yield, etc. for various equities.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, Yield, etc. for fixed interest stocks.

RIGHTS OFFERS

Table with columns: Issue, Price, Yield, etc. for rights offers.

TRADITIONAL OPTIONS

- List of traditional options including First Dealings, Last Dealings, Last Declarations, For settlement.

Pleasurama shares rise as Mecca buys in market

By Philip Coggan

MECCA LEISURE, the bingo, holiday camps and nightclubs group, was yesterday active in the market acquiring shares in Pleasurama, the leisure group for which it is making a £75m offer.

River Plate disposal

By Nikki Tait

RIVER PLATE & General, a split level investment trust, has been obliged to sell part of its 28.5 per cent holding in TR Australia, another investment trust and part of the Touche Renneart stable.

Comac shows losses of £63,000

By Ray Bashford

Comac Group, computer staff specialist, said the October stock market was partly to blame for an interim loss of £63,000, against profits last year of £54,900.

Monotype's £1.62m loss as expected

By Philip Coggan

MONOTYPE CORPORATION, which obtained a full listing in April, reported, as forecast, pre-tax losses of £1.62m in the six months to June 30 compared with profits of £213,000.

Era hit by problems at Lextertan

By Philip Coggan

ERA GROUP, formerly known as The Times Veneer Co., returned profits of £328,000 pre-tax for the six months to end-June, a slight downturn on last year's £381,000. Turnover rose by 18 per cent to £22.5m.

Buy-out team launches £93m bid for Invergordon

By Ray Bashford

THE LAUNCH yesterday of a £93.1m management buy-out for Invergordon Distillers, helps clear the uncertainty which has hung for years over the Scottish whisky group's future.

Invergordon

Invergordon's team intends to seek a listing in three to five years after implementing a plan to expand the business through the establishment of "relationships" with other independent distillers.

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For rate indications see end of London Share Service. Calls were taken out in Rosehaugh, Kelt Energy, Wessall, etc.

MARKET STATISTICS

ECONOMIC DIARY

TODAY: European Community foreign ministers meet informally in Brussels (until October 18). Turkish government is to present the 1989 draft budget. TOMORROW: National Savings monthly progress report (September). Gulf Co-operation Council meeting in Riyadh. ASEAN economic ministers meet in Thailand. Green Party annual conference in Southampton. MONDAY: Confederation of British Industry/Financial Times survey of distributive trades (September). European Community finance ministers meet in Luxembourg. Formal meeting of the European Community agriculture council in Luxembourg (until October 18). Yugoslav's Federal Central Committee is expected to meet in Belgrade. International banking symposium in Lugano (until October 18). Miners' union starts indefinite strike in Peru. Mr. St. Laurent, President of Chile, begins three-day visit to Paris. UN environment programme conference on ozone in Vienna. International Business Communications holds conference "Technology for retail banking" at Inn on the Park, London W1. TUESDAY: Public sector borrowing requirement (September). Retail sales (September - provisional). Confederation of British Industry is expected to make statement on competitive tendering for public services. Malaysian treasury releases economic reports on the country's economy for 1988 and 1989. WEDNESDAY: Index of production and construction for Wales (second quarter). US housing starts and building permits (September). First anniversary of City crash. House of Commons returns after summer recess. Social Services annual conference in Newcastle. Law Society annual conference in Cardiff (until October 22). Hawker Siddeley interim statement. THURSDAY: London and Scottish banks monthly statement (September). Provisional estimates of monetary aggregates (September). Institutional investment (second quarter). Cyclical indicators for the UK economy (September). Barlow Clowes report to be presented to Parliament. Financial Times holds conference "Electoral financial services" at Hotel Inter-Continental, London W1. Bundestag council meeting. FRIDAY: Preliminary estimate of consumers' expenditure (third quarter - provisional). Building societies monthly figures (September). US consumer price index, real earnings (September). Mrs Margaret Thatcher, Prime Minister, visits Italy. Mr Jose Sarney, President of Brazil, visits Portugal.

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EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, Val, Last, Val, Last, Stock. Includes sub-sections for Oct 88, Nov 88, Dec 88, Jan 89, Feb 89, Mar 89, Apr 89, May 89.

BASE LENDING RATES

Table with columns for Bank, Rate, Bank, Rate, Bank, Rate. Lists various banks and their lending rates.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Friday October 14 1988, The Oct 13, The Oct 12, The Oct 11, Year ago (approx), Highs and Lows Index. Includes sub-sections for 1 CAPITAL GOODS (218), 2 Building Materials (29), etc.

FIXED INTEREST

Table with columns for PRICE INDICES, Fri Oct 14, Day's change, The Oct 13, etc. Includes sub-sections for British Government, 1-5 years, 5-15 years, etc.

BENCHMARK GOVERNMENT BONDS

Table with columns for Country, Coupon, Bid, Price, Change, Yield, Weak, Month. Includes UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

CHANNEL ISLANDS. The Financial Times proposes to publish this review on Thursday, 15th December 1988. For a full editorial synopsis and advertisement details, please contact: BRIAN HERON, Tel: 011 834 9381 (ext 66613), Fax: 011 834 9249.

Expert advice on the Stockmarket - FREE for 4 weeks. Stockmarket conditions have changed radically since October 1987. You may be tempted to see only the uncertainty and become mesmerised into inactivity. But don't be! What is needed now is a different approach to investment portfolios. With the help of IC Stockmarket Letter each week you can start to adjust your portfolio to the new circumstances. We'll show you how to act - when to move. COPING WITH A NEW WORLD. We'll give you expert advice on how to deal with these changed circumstances, and do so absolutely free for 4 weeks. At the same time, as a subscriber to IC Stockmarket Letter, you also receive two introductory guides with our compliments to help you understand the stockmarket. Just fill in and post the form at the bottom of the page. WHERE'S THE MONEY NOW? The institutional investors - the big pension funds and insurance companies - continue to have a huge inflow of funds to invest. Their activity and decisions will determine which shares will outperform the stockmarket. To tune in to the way the institutions are thinking - and acting - you need the help of IC Stockmarket Letter. You can be sure that we will keep you informed. IC Stockmarket Letter aims to keep its eyes and ears open on your behalf - looking for real opportunities. What's more, as part of Financial Times Magazines and sister publication to Investors Chronicle, we have strong City connections and enormous research resources which other tip sheets cannot hope to match. We have 40 years' experience of fluctuating markets behind us! Each week we brief you on the significance to the stockmarket of economic, financial and political developments round the world. We advise you on shares to buy, and to sell. We give you new recommendations each week, and update you regularly on previous ones. You can be sure that our recommendations are the products of careful selection and assessment, backed by real knowledge and understanding. IC Stockmarket Letter provides all this. You can benefit from our experience, if you become a new subscriber now. 2 FREE GUIDES. Essential reading with your trial subscription - 'Making the most of your IC Stockmarket Letter' shows you how to get the most out of the information we give you. The 'Pocket Guide to the Stockmarket' is a handy booklet explaining what you need to know about how to weigh up shares. And it includes a comprehensive glossary to help you cope with all that puzzling stockmarket jargon. 4 ISSUES FREE. At a time like this, you don't want to make a big commitment. That's why we're saying, 'try it free'. See the way we think - test the recommendations we make. Decide if it's going to be for you. You receive the first 4 weeks' issues of IC Stockmarket Letter free when you use this coupon. After that the choice is yours.

Over 45,000 private investors have already discovered how to receive regular, impartial, expert advice on their money. ABSOLUTELY FREE. Over the past few years, a new breed of private investor has emerged. You work hard for your money, and you expect your money to work hard for you. Your perspective is international, both in business and private life. You are motivated by capital growth, security and tax efficiency. You seek the best professional information and advice in the management of your money. But you're not always sure where to get it. Or how impartial it would be. We at the Financial Times Group recognised this. But how could we put our resources at your disposal? Provide the authoritative news, information and guidance you need to make more effective investment decisions? We assembled one of the world's strongest personal finance editorial teams - headed up by the highly respected Peter Gartland. We gave them the full backing of the Financial Times Group. We then asked them to write the monthly magazine you want, to give you the information and advice you need in clear, factual language. "Plain English, but elegantly written," we said. Finally, we decided that if you need that information, we'd provide it, TOTALLY FREE, every month. The International. A unique publication. For a unique reader. You. Don't miss out on the opportunity to have world class, world-wide, world-wide investment information delivered free to you every month. Just complete the coupon below, and enter the exciting world of The International. Don't miss out.

INTERNATIONAL COMPANIES AND FINANCE

New products boost IBM quarter

By James Buchan in New York

INTERNATIONAL Business Machines, the world's largest maker of computers, yesterday pleased Wall Street with a set of financial results which showed good demand for its new product range in the third quarter.

IBM, which is battling to regain the momentum it lost in the middle of the 1980s, said yesterday that its sales of machines in the traditionally sluggish summer quarter increased 7.1 per cent over last year. The company's per-share earnings rose 5 per cent.



John Akers: 'We are more competitive' for IBM products is still better

overseas than in the US, analysts said IBM's domestic orders were surprisingly good. Mr John Akers, chairman of IBM, said: "We are pleased with our customers' response to our recently announced products and services. This continuous stream of new products and services and our ongoing drive for greater efficiency are making IBM still more competitive."

Tractebel sells stake in Havas

By Tim Dickson in Brussels

TRACTEBEL, Belgium's leading energy, telecommunications and media concern, announced yesterday that Mediadin, its 100 per cent owned subsidiary, is selling its entire 5 per cent stake in Agence Havas, the leading French media group.

Frist raises bid for HCA

By Our New York Staff

A GROUP of executives and outside investors attempting to take over Hospital Corporation of America, North America's largest hospital company, has sweetened the terms of its bid.

The group, led by Mr Thomas Frist, the company's chairman, has raised its offer to \$3.61bn, its original offer of about \$47 a share, valuing the company at \$3.33bn, was rejected by a special committee

Dassault jumps to FFr425.3m

By Paul Betts in Paris

DASSAULT-BREGUET, the French military aircraft manufacturer, reported yesterday a sharp rise in first half pre-tax profits to FFr425.3m (\$68.5m) from FFr232.4m in the first six months of last year.

Sales also grew by more than 60 per cent to FFr9.53bn from FFr6.11bn in the same period last year. The company said it had delivered 58 aircraft in the first half of this year compared with only 32 a year earlier.

Safra Republic share offer oversubscribed

By Stephen Fidler, Euromarkets Correspondent

AN OFFER of shares in Safra Republic Holdings, the new bank of Mr Edmond Safra, the Lebanese-born financier, has been oversubscribed.

Shearson Lehman Hutton International, arranger of the issue, said yesterday the price was set at \$7 a share, which is at the upper end of the previously announced \$3 1/2 to \$7 1/2 range. The offer would thus gross \$250.7m and, after deduction of selling, management and underwriting fees, bring in a net \$277.6m.

Strong interest in NTT tranche

By Our Financial Staff

THE LATEST tranche of shares in Nippon Telegraph and Telephone (NTT), Japan's domestic telecommunications utility, has virtually been subscribed in full, according to leading securities houses in Tokyo yesterday.

Wickes buy-out offer withdrawn

By Robert Vincent in New York

THE management-led group which launched a leveraged buy-out of Wickes Companies, the US retailer, automotive products and fabrics company, has withdrawn its offer.

CIR unveils 14.5% advance

By Alan Friedman in Milan

COMPAGNIE Industriale Rhoisienne (CIR), the holding company of Mr Carlo De Benedetti, has unveiled a 14.5 per cent rise in the pre-tax profit during the first half of 1988, to L28m (\$66.4m).

Klöckner THE LOSSES reported this week by Klöckner, the West German steel producer, were sustained in oil forward contracts and not in the oil futures market, as incorrectly reported in yesterday's Financial Times.

Usinor reports resounding recovery after years in red

By George Graham in Paris

USINOR-SAGHOL, the French state-owned steelmaker, has reported net profits of FFr2.19bn (\$352.6m) in the first half of this year in a resounding recovery after years of losses.

Operating profits totalled FFr3.5bn in the first half, compared with a loss of FFr905m in the first six months of 1987.

Steel prices improved. So did red and bar prices, though without regaining the levels of late 1987. The large increase in stainless steel prices was mostly linked to the rise in the price of nickel.

Trelleborg leaps to SKr1.17bn

By Robert Taylor in Stockholm

TRELLEBORG, the Swedish industrial group with interests in rubber, plastics, mining and chemicals, yesterday reported nearly doubled profits for the first eight months of the year compared with the same period of 1987.

which increased from SKr9.74bn to SKr11.5bn. The performance has allowed Trelleborg to revise upwards its profits forecast for this year to SKr1.25bn, which would represent an increase of 19.7 per cent. The growth of profits is due in part to the acquisition last year of the Swedish metals mining, chemicals and trading concern Boliden.

Team being a rather sluggish company five years ago, Trelleborg has been transformed into a more dynamic operation. Earlier this year the company sold its electrical installation business for about SKr500m, while acquiring a 10.1 per cent shareholding in SKF, the world's leading roller bearing manufacturer.

Alfa-Laval buys US centrifuge maker

By Our Stockholm Correspondent

ALFA-LAVAL, the Swedish dairy equipment and process engineering group, has paid \$115m for Sharples-Sherwin, the leading manufacturer of decanter centrifuges, important in environmental care in sewage plants.

Harry Panikier, chief executive said the deal "strongly reinforced" the group's position in the US market.

The purchase follows widespread speculation earlier in the week that Alfa-Laval was on the brink of making a major acquisition, following the announcement of a 27 per cent boost in its profits before financial items for the first eight months of 1988 to SKr255m.

Higher results from US banks

By Anatole Katsky in New York

SEVERAL leading US banks have reported sharply higher underlying profits in the third quarter, after allowing for numerous special gains and charges which have distorted the banking sector's reported earnings over the past two years.

Chemical Banking, the third largest US bank group, reported a net profit of \$211.9m or \$3.3 a share in the third quarter, compared with a 16 per cent loss in the corresponding period last year.

Both results were strongly influenced by special items and changes and underlying earnings increased almost threefold between the third quarters of 1987 and 1988, Chemical said. Chemical's reported income in the latest quarter was bolstered by non-recurring gains of \$40.4m from a settlement of pension obligations and \$28.3m from sales of various peripheral businesses. Excluding these special items, net income would have been \$148.2m or \$2.31 a share, the bank said.

WEEKLY PRICE CHANGES

Table with columns: Commodity, Latest prices, Change on week, Year, High 1988, Low 1988. Includes Gold, Silver, Copper, Nickel, Zinc, Tin, Wheat, Cotton, etc.

LONDON METAL EXCHANGE

Table with columns: Metal, Close, Previous, High/Low, AM Official, Kib close, Open Interest. Includes Aluminium, Zinc, Lead, Tin, Silver, etc.

US MARKETS

Table with columns: Commodity, Close, Previous, High/Low. Includes Soybeans, Corn, Wheat, Cotton, etc.

Chicago

Table with columns: Commodity, Close, Previous, High/Low. Includes Soybeans, Corn, Wheat, Cotton, etc.

Handwritten signature or note at the bottom left of the page.

INTL. COMPANIES

Lockheed surges to \$300m profits in third quarter

By Robert Vincent in New York

LOCKHEED, ONE of the largest defence contractors in the US, lifted its earnings in the third quarter to \$300m from \$101m in the same period last year on sales which slipped from \$2.7bn to \$2.6bn.

Lockheed said the main reason for the improvement in earnings was lower tax while the higher unit earnings resulted from both tax reductions and fewer outstanding shares following the recent equity buyback.

Matsuzakaya denies it is victim of bid to corner its shares

By Stefan Wagstyl in Tokyo

MATSUZAKAYA, one of the largest Japanese department store groups, yesterday denied that it was the victim of an attempt to corner its shares.

Its statement followed reports of intense activity in the shares of retail companies over the past year. Several corporate raiders specialising in department stores have been scanning the market.

Matsuzakaya said its largest 10 shareholders were unchanged from last year. It is, however, very difficult for Japanese companies to identify shareholders who wish to keep their names secret.

At Sogo, pre-tax profits rose 13.9 per cent to ¥3,550m, bringing net earnings per share to ¥15.82 compared with ¥11.82. Sales of ¥125.5bn were ahead 7.4 per cent.

FOREIGN EXCHANGES

Sterling maintains firmer trend

STERLING CONTINUED to improve in currency markets yesterday, underpinned by the Government's determination to use interest rates as its main weapon to reduce the rate of inflation.

The pound's exchange rate index rose to 76.9 from 76.5 at the opening and 76.9 on Thursday, and the Bank of England intervened on a modest scale to curb the rise during the afternoon, selling sterling at around \$1.7550.

Elsewhere it finished at SF2.6875 from SF2.6850 and FF10.8675 compared with FF10.8560. Against the yen, it was unchanged at ¥228.25.

£ IN NEW YORK

Table with 3 columns: Bid, Ask, and Price. Rows include 1 month, 3 months, 6 months, and 12 months.

STERLING INDEX

Table with 3 columns: Bid, Ask, and Price. Rows include 1 month, 3 months, 6 months, and 12 months.

CURRENCY RATES

Table with 4 columns: Currency, Bid, Ask, and Price. Rows include US Dollar, Canadian Dollar, Japanese Yen, etc.

CURRENCY MOVEMENTS

Table with 4 columns: Currency, Bid, Ask, and Price. Rows include Sterling, US Dollar, Canadian Dollar, etc.

OTHER CURRENCIES

Table with 4 columns: Currency, Bid, Ask, and Price. Rows include Australian Dollar, Hong Kong Dollar, etc.

FORWARD RATES AGAINST STERLING

Table with 4 columns: Term, Bid, Ask, and Price. Rows include 1 month, 3 months, 6 months, 12 months.

CURRENCIES, MONEY AND CAPITAL MARKETS

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MONEY MARKETS

UK rates finish on firm note

INTEREST RATES were slightly firmer where changed in yesterday's money market, as traders took the view that the current level of interest rates was likely to stay, at least for the rest of this year.

UK clearing bank lending rate

Table with 2 columns: Rate and Term. Rows include 12 per cent, 18 per cent.

FT LONDON INTERBANK FIXING

Table with 4 columns: Term, Bid, Ask, and Price. Rows include 1 month, 3 months, 6 months, 12 months.

MONEY RATES

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NEW YORK

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FT GUIDE TO WORLD CURRENCIES

Every Tuesday in the FT

LONDON TRADED OPTIONS

Large table with multiple columns: Option, Call, Put, and Price. Rows include various currency options.

WORLD STOCK MARKETS

NEW YORK (3 pm)

Table of New York stock market data including various stock prices and indices.

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NEW YORK ACTIVE STOCKS

Table of active New York stock market data.

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WORLD STOCK MARKETS

Scandals help to keep listless Japan awake

This is not an easy time to take a fundamental view of the Japanese stock market.

To begin with, there is the Emperor's illness, with Tokyo being subjected to almost hourly bulletins on blood transfusions, pulse rates, temperature and liver function.

A fraud case for the commission turned up last week at Yamaichi, one of the big Tokyo brokers.

past week has been the collapse of the dollar against the yen. This is of central importance for the Tokyo market.

That apart, the chief depressing influence on the market outlook does a lot to determine how much cash flow Japanese fund managers put into US Treasuries, and how much into Japanese equities and bonds.

Curiously, the latest weakness to the dollar may encourage the Japanese institutions to think again about US bonds, in spite of having lost a fortune in them as a result of dollar weakness in recent years.

As a result, in spite of a price earnings ratio of 117 and a yield of just 0.25 per cent, the brokers were able to announce triumphantly yesterday that virtually the whole ¥3,000bn issue had been subscribed for in advance.

So now what? The bulls argue that after months of FT-A World Index in £ terms

construction companies and, above all, the financials. While the big manufacturing stocks were enjoying their run this year, with Sony, for instance, peaking in the summer at ¥7,250 against a low last April of ¥2,540, the financials such as Nomura were falling apart.

Viewed in this light, the recent bunching of market activity in 10 or 15 large-capitalisation stocks is almost encouraging. The point is that these stocks are highly liquid, and can be got out of in a hurry.

But that, of course, is by no means the whole story. More realistically, the market is in an unusually bearish mood, whether from such influences as the Emperor's illness or from true fundamentals is hard to say.

Viewed in this light, the recent bunching of market activity in 10 or 15 large-capitalisation stocks is almost encouraging. The point is that these stocks are highly liquid, and can be got out of in a hurry.

Tony Jackson

AMERICA

Dow slips despite signs of slower economic growth

Wall Street

THE RALLY on Wall Street paused for a breather yesterday morning, in spite of the release of several favourable economic indicators and corporate reports.

The Dow Jones Industrial Average opened about 7 points up as investors reacted positively to figures on industrial production, retail sales and producer prices that seemed to confirm the slowdown in economic growth first suggested by last Friday's employment figures.

Prices fell back, however, as the Dow approached 2,150, a level from which the market has repeatedly retreated in the past nine months.

Apart from routine profit-taking and technical concerns about the 2,150 barrier, the main factor in the market's mid-morning decline was probably the further weakening of the dollar.

EUROPE

Talk of Kuwaiti interest takes Paris stocks higher

OVERSEAS demand and strong corporate results helped European bourses end a week of mixed fortunes with good gains. Paris - in particular - attracted attention after the Kuwait Investment Office was rumoured to be buying stock.

There was some nervousness among dealers before the rally on Monday, as investors trade-balance for the week.

On a day full of takeover speculation, rumors circulated that the Kuwait Investment Office (KIO) in London was switching out of UK and into French stocks.

The KIO was thought to have bought Aussat-Rey through the Special Vehicle Trust, and after heavy trading - as much as 25 per cent of the group's capital may have changed hands - Aussat-Rey ended FF4 lower at FF488.

Compagnie du Midi featured, rising FF35 to FF1850 on speculation that Italian insurer General had bought its stake in the company to 15 per cent.

FRANKFURT powered ahead on strong domestic and foreign buy orders and short-covering after Wall Street's positive reaction to Thursday's US trade figures.

yesterday morning as interest rates seemed set to decline. The Dow fell to 2,126.70 and DMI1,807.6 by lunchtime, compared with 2,128.80 and DMI1,826.5 in Europe earlier, prior to the release of the day's statistical indicators.

These indicators showed retail sales in September falling by 0.4 per cent, industrial production unchanged and producer prices up by 0.4 per cent. Excluding the volatile food and energy components, producer prices rose by 0.6 per cent.

Accordingly, bond prices first extended Thursday's rally before giving up part of their gains. By lunchtime, the Treasury's long bond was quoted 4 points up at 102 1/2, a level at which it yielded 8.91 per cent.

The day's main corporate event was IBM's third quarter results announcement. The net profits of \$2.10 a share were at the upper end of analysts' expectations and IBM's shares rose 3/4 to \$118 1/2 in heavy trading.

STOCKHOLM responded to a clutch of good company results and encouraging economic forecasts with a rise. The Affarsvarden index gained 1 to 936.1 in relatively busy trade, with SK3394m worth of shares being exchanged, compared with SK272m on Thursday.

Treleborg, the industrial group which reported a 93 per cent rise in eight-month profits and revised its annual forecast upwards, gained SK6 to SK1260.

Alfa-Laval B shares gained SK8 to SK121 after announcing it had bought US company Sharples, the world's leading manufacturer of decanter centrifuges, for \$125m.

ZURICH had a quiet day, with shares ending slightly higher on the back of gains in New York and Tokyo. Turnover was again very light, but according to one London dealer there is a "reasonably firm undertone" to the market.

BRUSSELS edged ahead in this trading, and the forward market index closed 27.17 higher at 6,505.86. Steelmaker Clabecq was the main feature, strong domestic demand sending the shares BF260 higher to BF1,720 as 10,500 shares changed hands.

AMSTERDAM ended higher after a very thin session, with the CBS all-share index up 0.9 at 100.6 but off its highs. One of the few features was Gist-Broekjes, the biotechnology stock, up FI 4.50 at FI 44.70 on renewed takeover speculation.

MADRID slipped lower, but its losses were restricted following the overnight rise on Wall Street and Thursday's decision by the Bank of Spain not to raise rates on Treasury bills. The general index lost 0.21 to 283.77.

the computer sector and Digital Equipment was among the day's main losers, falling by 1 1/4 to \$90.4.

Another big fall was registered by Sears Roebuck, which fell \$1 1/4 to \$40 1/4, leading a broad retreat in the retailing sector in response to the weak figures on retail sales.

Birmingham Steel was a major gainer, adding 1 1/4 to \$23 1/4 on the chairman's forecast of record results.

Among takeover stocks, Hospital Corporation of America jumped \$3 1/4 to \$47 1/4 when management unveiled a new plan for a leveraged buy-out, while Wickes fell \$3 1/4 to \$7 1/4.

CANADA

RISING gold, energy and base metal issues helped Toronto to a small gain in moderate midday trading, buoyed by the US September retail sales and producer price figures.

The composite index rose 3.1 to 3,744.0 on turnover of 11.1m shares.

SOUTH AFRICA

A STAGNANT bullion price left gold shares unchanged to slightly lower in Johannesburg in dull trading. Most other stocks followed.

In the gold sector, Vaal Reef stock at R276

ASIA PACIFIC

Buying broadens as confidence creeps back

Tokyo

FIRM markets in New York and London in the face of worse-than-expected US trade figures restored a measure of confidence yesterday and pushed share prices moderately higher.

The Nikkei average, which fluctuated throughout the day, closed up 33.27 at 27,306.57. The day's high was 27,371.54 and the low 27,215.89.

The TOPIX index, covering all listed stocks, rose by a surprisingly large 15.44 to 924.74, indicating broader buying interest, said Mr Yoshio Shimoyama, general manager of the stock trading division at Yamaichi Securities.

In later trading in London, Japanese shares rose further, with the ISE/Nikkei 50 index gaining 10.37 to 1,288.88.

Investors in Tokyo were encouraged by the calm reaction of overseas markets to the US trade deficit. In addition, the idea of the so-called "triple merits" - a stronger yen, low interest rates and low oil prices - began to take a firmer hold in investors' minds and spurred interest in a wider variety of issues.

But with the external environment as healthy as it is, the market should have shown a more solid rise, said Mr Jonathan McClure, manager of institutional sales at Schroder Securities. The lack of active participation and the relatively modest gain in the Nikkei index indicated that "the market is really in very poor health," he warned.

Trading companies also stand to benefit from improved economic relations with the Soviet Union, following recent encouraging remarks made by Soviet officials.

Marubeni, the third most heavily traded issue with 39.1m shares, advanced ¥29 to ¥999 and C.Itoh reached a new high for its shares, to be priced at a 3 1/4 per cent discount to the closing price of October 19.

Utilities companies, which should increase their profits through the stronger yen and lower crude prices, generally managed to maintain their gains. Osaka Gas, the second most heavily traded issue at \$3.8m shares, closed at a new high of ¥810, up ¥29.

NTT gained ¥50,000 to ¥2,041m, after dipping below ¥2m midweek. NTT has been falling prior to the release on October 20-21 of a third tranche of its shares, to be priced at a 3 1/4 per cent discount to the closing price of October 19.

Trading in Osaka featured utility stocks again, but in spite of their strength the OSE average lost 55 to 25,415.92. Volume was 72m shares compared with 97m on Thursday.

Roundup

OVERSEAS interest lant strong support to Asia Pacific markets, buoyed by news of Wall Street's overnight gain,

although Singapore lacked momentum in this trading.

AUSTRALIA rebounded from Thursday's weakness with a healthy rise after Wall Street took the US trade deficit in its stride. By the close the All Ordinaries index was 10.9 higher at 1,551.60 on turnover of 102m shares worth A\$194m.

News Corp led media stocks higher, with good US buying on reports that Alien Nation, the latest film from News Corp's subsidiary Twentieth Century Fox, has taken \$8.6m at the US box office in its first week. Local Australian brokers are said to be recommending News Corp at the lower levels and, with a shortage of stock

fueling demand, the shares improved 45 cents to A\$10.55.

HONG KONG was another market to react positively to Wall Street's gains, with blue chips - boosted by good corporate results - leading the market higher. The Hang Seng index rose 31.24 to 2,583.00 as shares worth HK\$794m changed hands, a figure well up on Thursday.

SINGAPORE backed the day's trend as large institutional buyers failed to react to gains in New York and Tokyo. The Straits Times industrial index closed 2.64 lower at 98.97 as turnover dropped to 10.8m shares.

THE FINANCIAL TIMES PROUDLY PRESENTS... THE CALENDAR OF THE YEAR

Since our first diary was launched in 1973, the FT has acquired an unrivalled reputation within the international business community for designing high quality products which enhance efficiency whilst, at the same time, reflecting discernment and good taste.

ORDER FORM section with fields for name, address, phone, and a table of prices for different editions of the calendar. Includes 'THE IDEAL BUSINESS GIFT' and 'LIMITED EDITION - SO PLACE YOUR ORDER NOW!' text.

NEW YORK CALENDAR OF THE YEAR. A detailed calendar grid for New York City with various listings and information.

FT-ACTUARIES WORLD INDICES. A large table with columns for National and Regional Markets, Thursday October 13 1988, Wednesday October 12 1988, and Dollar Index. Rows list various countries and their stock indices.





LONDON STOCK EXCHANGE

Oils lead strong start to new Account

LEADING SHARES rose strongly towards the close of the London trading session despite disappointment with the inflationary aspects of the latest domestic economic data.

Account Opening Dates table with columns for dates and account types.

points higher at 1940.6, scoring most of its gain in the second half of the session. The strong performance of the past two trading sessions reduced the loss on the week to 4.3 points, while the two week equity trading account brought a net gain of 14.1 points.

commented that it is "still too early to expect results from the latest increases in base rates". The market was encouraged when Mr Nigel Lawson, UK Chancellor of the Exchequer, told a radio programme that while higher rates would still be used to fight inflation if necessary, current levels appeared to be working successfully.

was also above expectations. Equities took off "moonbound", to quote one dealer, in mid-afternoon when the oil stocks responded strongly to suggestions that the UK majors have lagged their US counterparts.

FINANCIAL TIMES STOCK INDICES table with columns for Oct 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, Year, 1988, High, Low, Since Completion.

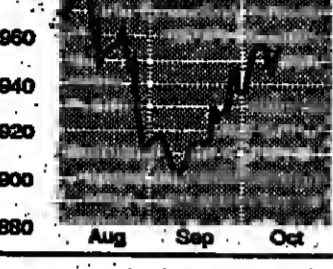
S.E. ACTIVITY table with columns for Indices, Oct 13, Oct 12, and various stock categories.

Mecca bares its teeth

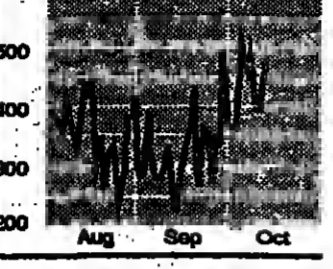
Pleasurama rose 13 to 22 1/2 at the close, boosted by sustained cash buying of the shares by bidder Mecca Leisure.

Activity in Pleasurama took off when Barclays de Zoete Wedd, the broker acting for Mecca Leisure, was said to be bidding 25p cash for shares.

FT-A All-Share Index



Equity Shares Traded



the hurricane, pushed up 7 to 80p and Sun Alliance, still responding to talk of a stock shortage, added 8 to 103 1/2p.

Brewery stocks were mixed, benefiting selectively from the speculative froth surrounding Allied Lyons which rose 3 to 487 1/2p on continued hopes of a bid from Mr Alan Bond.

Sears was heavily traded (2 1/2m) and fell 2 to 137 1/2p as the latest speculative bubble appeared to have burst.

cent of the company changing hands at 200p per share. Metal Closures emerged from a spell of inactivity, rising 6 to 19 1/2p as stories resurfaced of Suter being near to selling its 27 per cent holding.

Coleridge went 5 higher to 170p after the 25p offer of convertible preference shares, the proceeds from which will be used to reduce borrowings.

RIOC, a strong bid favourite in recent weeks, added 4 more to 400p. Elsewhere, software groups Sema and Logica were strongly supported after an institutional presentation with the latter 14 higher at 360p and the former up 6 more 310p.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various stocks including BHP, ICI, and others.

Crown Communications rose sharply, 24 higher at 205p on strong demand. As Mr Roy Owens, analyst at Kitch & Aiken, said, "the company is currently the best entry vehicle into the independent radio industry in the UK."

Courtaulds continued to move away from the recent low, encouraged by views that a larger contribution by the International Paint division would limit the expected fall in group overall profits.

around the average of recent months - by continued heavy trading in the FT-SE 100 index, and by continued activity in stocks associated with the recent bid or reorganisation plans.

Rising standards

A fresh flurry of speculation kept Standard Chartered shares at the forefront of a busy banking market.

Gateway open

Gateway, the supermarket group previously known as Dee Corporation, surged 8 to 17 1/2p in much improved turnover of 11m.

Carless Capel shares jumped 7 to 110p on turnover of 5.5m after Kelt Energy revealed its 221m bid for the group.

over, they add that "there is little reason to suppose any developments are imminent. Only a bid can justify the present high premium (comparison) to Lloyds and there are few funds strong enough to take on the risks in its loan portfolio."

In its latest note on the oil sector Hoare Govett says, "the retreat in crude oil prices has presented and is presenting investors with excellent opportunities to build up their holdings at attractive prices during a period of weakness."

Carless Capel shares jumped 7 to 110p on turnover of 5.5m after Kelt Energy revealed its 221m bid for the group.

NEW HIGHS AND LOWS FOR 1988

Table listing new highs and lows for various companies in 1988.

WEEK IN THE MARKETS

Zinc and copper prices hit records

BASE METAL markets provided the main fireworks on the London commodities scene this week with both copper and zinc prices on the London Metals Exchange reaching record levels.

another 846 tonnes to 11,539 tonnes this week contributed to an 8,150 tonne rise on the day on the LME. There were also rumours circulating in New York and London that some copper producers had problems meeting contracted shipments and were buying in the market.

slightly less than 112.2 cents a lb with Thursday's level - the latest available - at 111.75 cents. If the trigger is to be operated the indicator will have to average more than 115.40 cents a lb over the remaining eight days, equivalent to about 245 a tonne above the present level.

Mr Simon Thorp (above) has joined SALOMON BROTHERS INTERNATIONAL as vice president in charge of gilt trading. He was a divisional director of Warburg Securities.

Reorganisation of Courtaulds management

COURTAULDS has made the following changes in organisation and responsibilities at main board level. The group executive will be enlarged to include the three executive directors who are not at present members - namely Mr Gordon Campbell, Mr David Giachardi and Mr Martin Taylor.

APPOINTMENTS

Mr Cees Zwaard has been appointed managing director of RCA/COLUMBIA PICTURES VIDEO UK following the resignation of Mr John McDowell.

Mr Tim M. Palmer has been appointed finance director of NSM.

Mr Jim Walkinshaw has been appointed managing director of Glasgow-based COMPOSITE PANELS. He has held a number of board appointments within Cape Industries and will continue to act as chairman of Metals International-UK operations.

Mr John Dowling, divisional director, London market, at EAGLE STAR has assumed responsibility for the reinsurance and home foreign department in addition to his responsibilities for marine and aviation.

Mr Dick Bell, chief manager at the ROYAL BANK OF SCOTLAND, City office, has been made assistant general manager of the bank's international division from November 14.

COMMODITIES

The copper price rise may only just be getting into its stride according to John Harris, an analyst with Rudolf Wolff. "It could go to \$2,500 a tonne," he suggested yesterday.

Mr Derek J. Dodd and Mr Robert M. Jackson have both been appointed as executive directors of the NUGENT GROUP.

Mr Fausto Petrucci is leaving his post as executive director of CREDITO ITALIANO INTERNATIONAL, the UK merchant bank of the Credito Italiano Group, to return to Milan to lead the capital markets and syndications section.

Mr J.M. Jones CONSTRUCTION GROUP has appointed Mr David Jennings as its group marketing director.

Mr David Pearson has joined SONY (UK) as main board director responsible for the consumer products division.

Mr Robert A. Apted, formerly managing director of Delta Group components companies, has been made group managing director of DELANEY GROUP, a shopping and commercial furniture manufacturer.

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Mr Michael D. Mogridge has become managing director of HEMPEL MARINE PAINTS. He comes from ARZO Coatings in the UK where he was

Mr Michael J. Mallett has been appointed chairman of COATED ELECTRODES INTERNATIONAL. He succeeds Mr John Lago who is retiring. Mr Mallett is non-executive chairman of Record Holdings and chairman of Yorkshire and Humberside Independent Radio.

Mr John Govett has appointed Mr Richard Boyds managing director of John Govett Unit Trust Management. He was managing director of Wardley Unit Trust Management.

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KONICA UK has a new managing director, Mr Kazuhiko Ochi. He succeeds Mr Hiroya Nakamura who has returned to Japan.

COUNTY NATWEST has appointed Ms Debbie Megone as an assistant director in the Leeds office.

BRITISH CREDIT TRUST, the finance arm of the Bank of Ireland Group, has appointed Mr John Webster to the new post of marketing director. He was marketing director for Bank of Ireland Home Mortgages.

Mr Job Meats, formerly head of Citibank's branch operations in Greece, has been appointed chief operating officer of HFC BANK where he will be responsible for all aspects of operations and market development.

ROUCH PROPERTY GROUP has appointed Mr John D. Nettleton to the board. He is a director of Wates City of London Properties, Parkdale Holdings and Richard Ellis Financial Services.

Mr Michael D. Mogridge has become managing director of HEMPEL MARINE PAINTS. He comes from ARZO Coatings in the UK where he was

Mr Dick Bell, chief manager at the ROYAL BANK OF SCOTLAND, City office, has been made assistant general manager of the bank's international division from November 14.

Mr Osman Erk has joined AK INTERNATIONAL BANK as deputy general manager.

Mr R.P. Smith has been appointed group financial director and Mr M. Warwick secretary of SMAC GROUP, the South Essex motor group.

Mr Robert A. Johnson, vice president, is to head the newly-formed corporate finance unit of the BANK OF AMERICA, London. The unit will provide investment banking and advisory services throughout its Europe, Middle East and Africa divisions.

Mr R.J. Sutton, subject to Lloyd's approval, is appointed a director of LONDON RIVER MANAGEMENT.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Aegis Unit Trust, and others, including their names, managers, and performance data.

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I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BB. Tel: 01-828 7233/5699. Reuters Code: IGIN, IGI0.

LEADERS AND LAGGARDS. Percentage changes since October 31 1987 based on Thursday October 13 1988. Includes categories like Overseas Traders, Property, Mining Finance, etc.

RISES AND FALLS. Table showing percentage changes for various market sectors like British Funds, Corporate, Industrial, etc.

BANK RETURN. Table showing banking department performance with columns for Wednesday October 12, 1988, and Increase (+) or Decrease (-) for week.

Travelling by air on business? Enjoy reading your complimentary copy of the Financial Times when you are travelling on scheduled flights from British Airways, British Midland, Canadian Pacific Air, KLM, Lufthansa, Pan-Am, Singapore Airlines, Thai Airways International, Transavia, etc.

Table listing various unit trusts such as Aegis Unit Trust, Aegis Unit Trust, and others, including their names, managers, and performance data.

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GUIDE TO UNIT TRUST PRICING. The data included under the Authorised section of the FT Unit Trust Information Service is being provided to improve the service to readers and to conform with new regulations. This section explains the pricing of unit trusts, including how the bid price is determined and how the offer price is calculated.

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FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various unit trusts, organized into columns with headers like 'Name', 'Investment', 'Value', and 'Date'. Includes sub-sections for 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

INSURANCES

OTHER UK UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, organized into columns for various trust categories and individual trust names.

MANAGEMENT SERVICES

Table listing management services and associated companies.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas investment options.

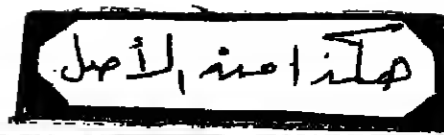
UK LISTED

Table listing UK listed investment options.

OFFSHORE INSURANCES

Table listing offshore insurance services.

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Class, and other details.

Table of London Share Service, including sections for British Funds, Foreign Bonds & Rails, and Money Market Trust Funds.

OTHER OFFSHORE FUNDS

Money Market Bank Accounts

LONDON SHARE SERVICE

AMERICANS - Contd. Table with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing various companies in the Building, Timber, and Roads sectors.

ELECTRICALS - Contd.

Table listing various companies in the Electricals sector.

ENGINEERING - Contd.

Table listing various companies in the Engineering sector.

INDUSTRIALS (Misc.) - Contd.

Table listing various companies in the Industrials (Misc.) sector.

INDUSTRIALS (Misc.) - Contd.

Table listing various companies in the Industrials (Misc.) sector.

CANADIANS

Table listing various Canadian companies.

CHEMICALS, PLASTICS

Table listing various companies in the Chemicals and Plastics sectors.

FOOD, GROCERIES, ETC

Table listing various companies in the Food, Groceries, and Etc sectors.

HOTELS AND CATERERS

Table listing various companies in the Hotels and Caterers sectors.

INDUSTRIALS (Misc.)

Table listing various companies in the Industrials (Misc.) sector.

INSURANCES

Table listing various insurance companies.

BANKS, HP & LEASING

Table listing various banks, hire purchase, and leasing companies.

DRAPERY AND STORES

Table listing various companies in the Drapery and Stores sectors.

ENGINEERING

Table listing various engineering companies.

INDUSTRIALS (Misc.)

Table listing various companies in the Industrials (Misc.) sector.

INDUSTRIALS (Misc.)

Table listing various companies in the Industrials (Misc.) sector.

LEISURE

Table listing various companies in the Leisure sector.

BEERS, WINES & SPIRITS

Table listing various companies in the Beers, Wines, and Spirits sectors.

BUILDING, TIMBER, ROADS

Table listing various companies in the Building, Timber, and Roads sectors.

ELECTRICALS

Table listing various electrical companies.

ENGINEERING

Table listing various engineering companies.

INDUSTRIALS (Misc.)

Table listing various companies in the Industrials (Misc.) sector.

INDUSTRIALS (Misc.)

Table listing various companies in the Industrials (Misc.) sector.

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LONDON SHARE SERVICE

LEISURE - Contd.

Table of Leisure stocks including TV, Video, and Music companies with columns for Stock, Price, and P/E.

PROPERTY - Contd.

Table of Property stocks including residential and commercial real estate companies.

TEXTILES - Contd.

Table of Textiles stocks including various textile manufacturing companies.

TRUSTS, FINANCE, LAND - Contd.

Table of Trusts, Finance, and Land stocks including investment trusts and financial institutions.

OIL AND GAS - Contd.

Table of Oil and Gas stocks including major energy companies.

MINES - Contd.

Table of Mines stocks including various mining companies.

MOTORS, AIRCRAFT TRADES

Table of Motors and Aircraft Trades stocks.

Commercial Vehicles

Table of Commercial Vehicles stocks.

Components

Table of Components stocks.

Garages and Distributors

Table of Garages and Distributors stocks.

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Table of Newspapers and Publishers stocks.

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Table of Paper, Printing, and Advertising stocks.

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Table of Tobacco stocks.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land stocks.

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Table of Investment Trusts.

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Table of Finance, Land, and other stocks.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land stocks.

Investment Trusts

Table of Investment Trusts.

Finance, Land, etc.

Table of Finance, Land, and other stocks.

TRUSTS, FINANCE, LAND - Contd.

Table of Trusts, Finance, and Land stocks.

Investment Trusts

Table of Investment Trusts.

Finance, Land, etc.

Table of Finance, Land, and other stocks.

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Table of Plantations.

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Table of Central Rand.

Eastern Rand

Table of Eastern Rand.

Far West Rand

Table of Far West Rand.

D.F.S.

Table of D.F.S. stocks.

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Table of Diamond and Platinum.

Central African

Table of Central African.

Finance

Table of Finance.

OIL AND GAS

Table of Oil and Gas.

THIRD MARKET

Table of Third Market stocks.

NOTES

Stock exchange dealing classifications are indicated to the right of security names. An Alpha, Beta, or Gamma classification is given to indicate the risk of the security. Unless otherwise indicated, prices and bid-ask spreads are in pence and are based on latest annual reports and accounts and, where available, on updated half-yearly figures. P/E ratios are calculated on 'net' distribution basis, earnings per share being computed on profit after taxation and dividends. Dividends are based on the maximum dividend for the year. Dividends are based on the maximum dividend for the year. Dividends are based on the maximum dividend for the year.

REGIONAL & IRISH STOCKS

Table of Regional and Irish Stocks.

TRADITIONAL OPTIONS

Table of Traditional Options.

SHIPPING

Table of Shipping stocks.

SHOES AND LEATHER

Table of Shoes and Leather stocks.

SOUTH AFRICANS

Table of South Africans.

TEXTILES

Table of Textiles.

PROPERTY

Table of Property.

Australians

Table of Australian stocks.

IRISH

Table of Irish stocks.

Property

Table of Property.

Oils

Table of Oils.

Mines

Table of Mines.



# FINANCIAL TIMES

Weekend October 15/October 16 1988



Developments

Creating Property for Commerce

0462 34444

## L'Oréal acquires Helena Rubinstein group

By Paul Betts in Paris

L'ORÉAL, the French cosmetics group whose brands include Lancôme, Guy Laroche and Cacharel, yesterday enhanced its position as the industry's world leader by acquiring Helena Rubinstein, the US beauty products and make-up group.

The French group did not disclose the price of the transaction but indicated it had paid "several hundred million francs" for the US company, whose operations include Giorgio Armani perfumes and the Helena Rubinstein beauty range.

Helena Rubinstein, founded by Mrs Rubinstein at the beginning of this century, later became part of Colgate-Palmolive, the US toiletries multinational, which subsequently sold the business to private US investors.

The acquisition by L'Oréal comes barely a month after the appointment of Mr Lindsay Owen-Jones as chairman of the L'Oréal, which is controlled by Mrs Lilliane Bettencourt, the only daughter of L'Oréal's founder, Nestlé, the Swiss food multinational, has a major stake in the company.

The deal also marks a more aggressive approach to external acquisitions by the French company, which has increased annual sales to FF20bn (£1.85bn) largely through international growth and development. The Helena Rubinstein operations will add a further FF1.5bn in annual sales.

L'Oréal was already associated with the Helena Rubinstein name after buying the marketing rights and operations of Helena Rubinstein products in Latin America and Japan in 1983 involving sales of about FF300m a year.

L'Oréal confirmed yesterday it intended to pursue the reorganisation of Helena Rubinstein's operations started by the previous management.

This will concentrate the US group's industrial activities in West Germany, with the eventual closure of manufacturing operations in the UK, France, Italy, Spain, Portugal and Israel.

The acquisition comes as L'Oréal is seeking to diversify by developing a presence in the film, broadcasting and media businesses.

The group also owns a 7 per cent stake in Canal Plus, the French pay television network, and a 50 per cent stake in the Marie-Claire album which publishes the French edition of Cosmopolitan.

L'Oréal also recently increased its stake from 49 per cent to 68 per cent in Synthelabo, a pharmaceutical company. L'Oréal reported consolidated net earnings of FF1.05bn last year.

## SE survey shows squeeze on commission rates

By Clive Wolman

THE AVERAGE rate of commission on stock market transactions in UK equities has been squeezed further, from 0.83 to 0.28 per cent of the value of the deal, in the 12 months since the stock market crashed, according to a Stock Exchange survey.

This reduction, added to a 30 per cent slump in the value of equity transactions with outside customers to an average of £750m per day, leads the Exchange to predict that securities firms will suffer a fall in revenue from commission of about one third.

In the current calendar year, total commission revenue, which has been under pressure since the abolition of a minimum commission scale in October 1988, is expected to reach only £530m.

One of the reasons for the fall in the average rate has been the large increase in the average size of transactions - from £22,000 last year to more than £30,000 this year, the Exchange has found. Larger transactions generally attract

lower commission rates.

The increase in the average bargain size is partly a consequence of the slump in share dealing by small private investors. Nevertheless, private clients account for more than 40 per cent of total commission revenue and represent more than 70 per cent of total transactions.

The Stock Exchange believes there has been increasing concentration in private client stockholding, with the top 10 retail firms now accounting for 26 per cent of all customer transactions in UK equities. The fall-off in commission revenue has, however, been partially offset by the widening since last October's stock market crash of the spreads between the buying and selling prices for shares quoted by market makers.

In the immediate aftermath of the crash, the average "touch" between the best buying and selling prices for the most actively traded alpha stocks has widened from 0.83 to 2 per cent. The additional

cost incurred by investors seeking a deal in large sizes rose from 0.05 per cent to 0.21 per cent.

However, as a result of the price war between the market-makers which began in late August, the average touch has narrowed again to 0.80 per cent, although the intensified competition has also led to a relatively high premium being charged for large bargains at 0.13 per cent.

The Stock Exchange figures also show a partial recovery in the amount of new money raised by equity issues. Excluding privatisation issues, the amount of money raised by listed companies fell from a peak of £7.8bn in the third quarter of 1987 to only £0.7bn in the first quarter of this year.

The figure recovered to £2.8bn in the second quarter, which was higher than in each of the first two quarters of 1987, and £1.6bn in the third quarter.

Close your eyes, imagine a bull market, Weekend Section, Page III

## Pilkington to build £65m glass plant on Merseyside

By Ian Hamilton Fazey, Northern Correspondent

PILKINGTON is to build a £65m float glass plant near its corporate headquarters in St Helens, Merseyside, and not in the south-east as it was being urged to do for marketing reasons.

The company stressed last night that the decision was based on financial considerations and not on a vigorous campaign to keep the investment on Merseyside.

Mr Alan Judge, chief executive of Pilkington Glass, said: "Choosing St Helens will save £25m on capital and £4m a year in running costs."

"There were reasons in favour of the south-east but the capital and operating cost premiums could not be justified in the final analysis."

The company is continuing negotiations with the local council about building a warehouse complex in the Rensgate area to carry enough stock to service the area south of London within hours.

Pilkington says it has 65 per cent of the UK market but only 50 per cent of the market in the south-east, where growth is most rapid.

Foreign competitors have capitalised on the fact that plants in northern France or Belgium are nearer to London than St Helens.

Some of Pilkington's management feared these plants would save heavily with European trade barriers coming down in 1992 and the Channel Tunnel opening a year later.

The decision has not been easy. Publicity about a campaign conducted by councillors and trade unions made matters worse because the company did not want to be thought of in the City as giving in to social or political pressure.

The campaigners then based their arguments on the lower costs and the speed of over-night deliveries. St Helens being within one hour driving distance of nearly all of Britain.

Expansion in St Helens will be less expensive because the plant will be next to an existing one. This cost £90m in 1976 and incorporated an oversized batch factory for assembling sufficient materials to feed two glass-making tanks.

Starting from scratch in the south would have meant building a batch plant as well as a glass-making tank. Mr Peter

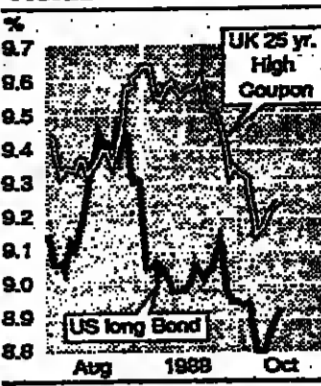
There were also fears that not investing in St Helens would be bad for inward investment, because it would look as if Pilkington, the biggest private sector employer, lacked confidence.

The plant will come on stream in 1990, bringing the company's operational float glass lines in the UK to four - all in St Helens.

## Slick stuff from Little Oil

FT index rose 6.1 to 1,484.0

Yields



All the classic ingredients for the UK exchange rate to overshoot, both on the way up and on the way down, now seem to be in place. With UK inflation likely to top 7 per cent early next year, an increasingly overvalued pound and a determined Government committed to high interest rates, the equity market has held up surprisingly well this week, given the Chancellor's potentially lethal policy mixture.

### Carless/Kelt

For sheer pluck, you have to hand it to Kelt. In bidding for Carless, it is taking on a company more than twice its size, and paying with debt on terms that make City hairs stand on end. It is acting in defiance of high interest rates and chronically depressed oil prices, put off neither by the indifferent fit of the assets nor the sudden departure of Samuel Montagu a week ago.

To meet its loan repayments, Kelt will have to sell Carless' assets swiftly, yet the rag bag of obscure downstream businesses are not of a sort to fetch prime prices at short notice. The company calculates that the gearing will be a mere 40 per cent; those who are amazed at how that could be may feel no better at Kelt's innovative new gearing ratio: debt per barrel of oil.

Still, all of that is Kelt's business, and Hubert Perrodou, who is worth the best part of £100m, must have pulled off some good deals in the past. As far as Carless' shareholders go, 115p in ready cash is all that matters, and despite yesterday's market price of 116p, the offer has a fair chance of success. Even though the 22 per cent premium is a mockery compared to prices paid for other oil independents, Carless has lost so many friends through the Ryan debacle that it will have a tough time defending itself. As Kelt presumably cannot afford itself another inch, all depends on the emergence of a rival. The sweet deal commitment given by LMS to Kelt shows that, for one, it is hoping something better will come along.

and ended the first day's trading at a premium, which is not bad going for a bank which was brought to the market on a multiple of 42 times historic earnings and a yield almost half that of Barclays Bank.

To be fair, the pricing looks far less expensive when it is compared with a book value of \$51 per share and the considerably higher premium commanded by Mr Saffra's other quoted vehicle, Republic New York Corporation. Nevertheless, there are many prestigious European banks which are selling at discounts to book value, and the Swiss private banking market, which will be at the core of Saffra Republic's operations, is already heavily overvalued. There can be few stock market issues which have relied as heavily for their success on the presence of a single individual as Saffra Republic. Investors can only hope that nothing happens to Mr Saffra.

### MBOs

Management buy-outs may still be more the American way than the British habit, but every time an institution proves it can more than double its money in just 18 months by finding the likes of the Briston management in a 'buy-out', many in the City must wonder if they too should not be getting in on the act.

Yesterday's Invergordon buy-out offers from the Briston deal - and from the majority of British buy-outs - involving a public company whose share price is only a few pence larger quoted than, or below, a private company. On the last of it, trying to buy out a public company could be a riskier business: debt finance for the deal cannot be put in place without 100 per cent control and in a company with a wide shareholder base, that is often a difficult prospect.

As other mutual companies struggle to come to terms with the modern world of financial services, hundreds of thousands more British shareholders could face a similar decision. In the London Life case, policyholders are being asked to approve a merger with Australian mutual AMP, largely on trust: financial information in the merger document is limited, and they must take the word of the board that other

### London Life

Next Wednesday, the British will witness an example of popular democracy at work as London Life policyholders are invited to decide the fate of their ailing mutual life company. On the face of it, that sounds like the stuff of Thatcherite myth; the reality is perhaps less edifying.

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## Minorco appeals to Reagan

By Kenneth Gooding, Mining Correspondent

MINORCO, the South African-controlled investment group, yesterday delivered a letter to President Reagan about its hostile £2.9bn bid for Consolidated Gold Fields of the UK and claimed Gold Fields was waging an all-out political assault on the offer. "Minorco understands that Gold Fields has sought the intervention of the British, South African, Australian and Papua New Guinea governments and the European Economic Community, as well as the government of the US," it said.

"In addition to advisers outside the US, Gold Fields has hired three American investment banking firms, at least one US law firm and various lobbyists to fend off Minorco's bid."

Minorco, reflecting the bitterness which has characterised the battle, said it believed the hostility of the Gold Fields management and its chairman

Mr Rudolf Agnew "is motivated not by solicitude for Gold Fields' shareholders or the national interests of the US, but rather by an overriding interest in staying in office."

Minorco was responding to a recent move by Gold Fields which asked President Reagan to invoke a provision of the US Omnibus Trade and Competitiveness Act, 1988, to block the bid.

"This request by Gold Fields' management is nothing more than a desperate attempt to use - and in the process abuse - US law in its effort to fend off Minorco's proposed acquisition," Minorco said.

"This request is one tactic among many that seek to subvert the political process for the forces of the market place."

It accused Gold Fields of using "lurid rhetoric" in its letter to the President in an attempt "to smear Minorco with the taint of apartheid and the repressive policies of the

present South African government."

Minorco suggested that Gold Fields' management had "sought to sully the reputation of Mr Harry Oppenheimer, the former chairman of Minorco's major shareholders (Anglo American Corporation and De Beers) who for decades had been the leading business opponent of apartheid in the world and an outspoken critic of the South African government's racial and labour policies."

In contrast, the reputation of Gold Fields' South African associate, Gold Fields of South Africa, in the areas of employment policy and labour relations "can only be described as reactionary," Minorco said.

Minorco's letter, signed by Mr Henry Slack, an executive director and Mr Oppenheimer's son-in-law, said the situation "does not warrant US governmental intervention in the market for shares in the UK."

## Thatcher offers vision

Continued from Page 1

practical efforts to protect the wider world.

"It's us Conservatives who are not merely friends of the Earth - we are its guardians and trustees for generations to come. No generation has a freehold on this earth. All we have is a life tenancy with a full repairing lease. This government intend to meet the terms of that lease in full."

Some ministers believe that, after her recent address to the Royal Society and yesterday's

speech, Mrs Thatcher has raised expectations about further action involving additional public spending and legislation, and that this may be difficult to handle in the immediate future.

In the early part of her speech, she appeared at times to be on the defensive, in answering Labour criticism on materialism and individualism.

The House of Commons returns on Wednesday to complete the legislative programme for the long 1987-88 session ahead of the Queen's Speech on November 22/23, which will shortly be finalised.

The priority will be the autumn economic statement early next month. Intensive talks have this week reduced the number of outstanding public expenditure decisions to a small hard core, though it will be Tuesday or Wednesday before it is decided whether the Star Chamber arbitration committee is to be activated.

ment of more than £180m. The plant, which last year produced more than 450,000 1.4 and 1.6 litre CVH engines, which are fitted to Ford's Escort, Orion and Fiesta models, has a capacity for 500,000 engines a year.

The new engine is expected initially to play a vital role in Ford's plans for global design and development of key new cars - its so-called centras of excellence strategy. As part of this Ford of Europe is leading the design and development of a new intermediate car to replace both the Sierra in Europe and the Ford Tempo/Mercury Topaz in the US.

It is understood that the new engine plant will eventually produce at least three sizes of engine, code-named Zeta, ranging from 1.4 to 2 litres for use in front-wheel-drive cars.

Versions of the Zeta engine are also expected to be produced in the US, and it is thought that Ford is considering producing a version of the engine at Valencia, Spain at a later date.

## Ford plans investment

Continued from Page 1

Ford's plans to make the UK its principal engine production base in Europe, with engine plants at both Bridgend and Dagenham, Essex, as well as other locations in Valencia, Spain, and Cologne, West Germany.

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The new Zeta engine family will be crucial for modernising Ford's engine range in Europe, where a number of its present units are regarded as being uncompetitive against engines introduced by rivals such as Opel (General Motors) and Volkswagen.

Ford has a share of about 11.6 per cent of the West European car market, with sales last year of 1.47m units.

The level of regional assistance that Ford will attract from the Government for the Bridgend project will be watched closely by Mr Peter Sutherland, the European Commissioner for competition policy.

EC rules allow up to about 30 per cent of capital expenditure to be assisted in development areas, but both the Welsh plants are in intermediate areas, the lower tier.

## Soviet Politburo

Continued from Page 1

increasing independence from the traditional system of rigidly centralised planning. Reliable national statistics are still impossible to come by, but a top government official recently cited a range of items whose prices had risen by more than 10 per cent. About 60 per cent of all claimed production increases, it was said, simply reflected higher prices.

"The Politburo condemned the unacceptable practice of unfounded increases in retail prices and tariffs - on services, and of improving the financial indicators of enterprises by overpricing the output of cheap consumer goods."

It ordered the republican governments of the USSR to enforce price discipline in their areas, and "to perfect the pricing mechanisms so as to stimulate the production of a wide

variety of goods." Perhaps the most revealing admission, however, was of the need to "organise social control over the work of trade and catering . . . the structure of the production of goods, their quality, and to observe the discipline of prices."

That was a direct reference to the Soviet trade unions' plan for a genuine consumer movement based on informal organisations, and another important admission of the central government's inability to control prices and raise quality by command.

At their conference in August, the traditionally docile trade unions called for consumer co-operatives to "defend the rights and interests of the consumer in the face of the often monopolistic dictate of the producer . . . to guarantee the Soviet consumer reliable

information on assortment, quality and pricing of goods." The Soviet leadership noted that the task of strengthening discipline in the army and navy was being carried out slowly. It gave as examples of indiscipline only "breaking the law of night watch, and firearms accidents."

It added that the evasion of military service was a matter of serious concern, but gave no details.

Undoubtedly the Afghan war has increased draft dodging. However, the problem has not disappeared since the withdrawal from Afghanistan was announced.

The revelation that the debate took place can be seen as an unusual public criticism of the military leaders - whose loyalty to Mr Gorbachev is not yet wholly assured.

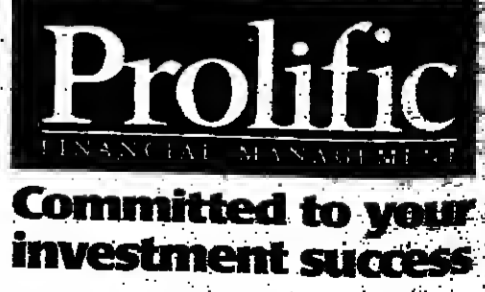
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City	Temp	Wind	Cloud	Sea	Vis
Athens	18	10	10		10
Bombay	28	10	10		10
Buenos Aires	14	10	10		10
Cairo	22	10	10		10
Calcutta	28	10	10		10
Canton	22	10	10		10
Colon	28	10	10		10
Hankow	22	10	10		10
Hong Kong	22	10	10		10
London	12	10	10		10
Lyons	12	10	10		10
Manila	28	10	10		10
Medan	28	10	10		10
Osaka	22	10	10		10
Perth	22	10	10		10
Rangoon	28	10	10		10
Singapore	28	10	10		10
Sourabaya	28	10	10		10
Taipei	22	10	10		10
Yokohama	22	10	10		10

C = Cloudy, Dr = Drizzle, F = Fog, P = Fog, H = High, N = Rain, S = Snow, T = Thunder, ? = None GMT everywhere



# Weekend FT

SECTION II

Weekend October 15/October 16, 1988

## The mouse that roars

Christian Tyler reports from the 20th Century anachronism that is Communist Albania, a land stagnating in the shadow of a dead dictator but still defying the superpowers

IT IS midnight in Tirana's main square, a vast stage built for an epic drama. Dogs are howling somewhere behind the concrete mass of the palace of culture. A cat crosses furtively, chased by a cyclist. The copper crescent atop the slim minaret of a painted mosque is broken. Four women with bouquans are sweeping up invisible litter. They peer past dirty curtains into a restaurant jammed with waiting guests, where grandmothers dressed in black are puffing cigarettes. The sound of syncopated drumming and wailing clarinets echoes from the distant walls of the museum of revolutionary history.

This is Skanderbeg Square, a concourse fit for a great metropolis imposed on an overgrown Balkan village. Skanderbeg himself stands in the municipal gardens: a superhuman warrior on a prancing bronze charger who defied the Ottoman Turks for 60 years during the 15th century. But the hero really commemorated here achieved his apotheosis a mere three years ago: the father of his people, a cunning, baby-faced dictator called Enver Hoxha.

Gigantism is the hallmark of Socialist utopias. But of all utopias, Albania is surely the most grandiose. It is a nation of only 3m people, yet this Communist mouse is not afraid to roar at the superpowers of the world.

The self-confident rulers have recently built a shrine to Skanderbeg in the mountain fortress of Kruja. The historical resistance fighter is redivya if he were pure legend; a Norse god from a Wagner opera. He stands ten feet tall in his buskins, his eyes blazing from under a ram's head helmet and his long beard flowing. He brandishes a six-foot sabre. At his side is his big-breasted Brunnhilde, whose cloak heavily conceals massive arms and thighs. The shrine is, of course, a proxy memorial to the modern heroism of the mountain guerrillas of Albania who fought the Italian Fascists and German Nazis until they drove them out in 1944.

The cult of Enver Hoxha is no less monumental. The liberator of his people is buried on a hill-top outside Tirana, beside a stone colossus of winged victory. Two unblinking soldiers stand guard over his grave, as still as waxworks. They stare lazily over the heads of the tourists.

As soon as the tourists have departed, the guardsmen begin gossiping. Below the cemetery in the main boulevard, opposite the statue of Joseph Stalin, men with wheelbarrows are completing work on a vast umbrella-shaped hall, the Enver Hoxha memorial museum.

There are ignorant people who would say that the memory of Hoxha needs no such reinforcement. At least two floors of the history museum are already dedicated to him and his wartime comrades (these, that is, who were not later executed as traitors and spies). Here the people can watch young Enver growing up at the beginning pump and handsome, almost pretty in his well-cut uniform, and bearing an uncanny resemblance to Elvis Presley.

Middle-aged, but still baby-faced, he stoops over grateful peasants and workers. The sermonic orator denouncing Khrushchev in Moscow in 1960 looks far older. The grey-haired statesman in his library writing his denunciation of China has pink cheeks. No, the poverty-stricken people in their dilapidated apartment blocks are glad to go on building for their dead father.

It is dawn in the city and the sun shines on the real Albania. In a curtained room above the restaurant five women take turns to wash in a bowl on the balcony and comb their hair in front of the mirror. People are walking the streets to work. There are no cars. Old men wearing the white wool fed plod along in baggy grey suits. The young men strut uncomfortably



in tight trousers, flared at the bottom over Cuban heels. The women and girls are bright and smart in their cheap dresses. Most wear curious lipstick - even the women soldiers. A little way down Stalin Boulevard an ancient lorry is struggling to hoist the job of a crane. Women lean from the windows of the Ministry buildings while ancient typewriters clatter in the basements.

We are in the 1960s. But where? At first sight it could be a western province of China, except that there are fewer bicycles. The buses are Chinese, and so is the architecture of the modern hotel. Functional apartment blocks look down on tiled roofs and messy back yards. Wide boulevards and gardens turn off into rutted lanes and rubbish tips. It is almost Peking, but red and yellow ochre instead of grey.

The second glance confirms that we are back in the Balkans: in Kosovo or Macedonia but without the local colour and the stench of drains. The people stare curiously, perhaps even aggressively, at the groups of foreign visitors. Like the Moslems across the border, they will not be photographed. Even the ragged children who beg for ballpoint pens outside the tourist buses will run at the sight of a pointing camera. But women do not hide their faces from a man's gaze as they do on the other side of the border.

Individually, the Albanians turn out to be neither inquisitive nor aggressive, but charming and hospitable. A woman selling bus tickets opens the door of her cabin so that three foreigners can shelter from the downpour. The waiters at a hotel stay up nearly till dawn, drinking cognac and raki

with a boisterous German club-owner from north London.

The shops are bare of goods - bare even than provincial China. But there are no peasant markets, as there are in China or Yugoslavia, crowded with hagglers, livestock and filthy kiosks serving hot food to give colour and warmth to poverty. The mosques and churches have been closed or razed, because religion is superstition and has been officially abolished. Yet the same Balkan smell of stale tobacco hangs in the air. The same faces parade past, from broad pale Slav to black and wizened gypsy. The same knots of men stand talking in the streets or cluster in

the tourist hotels disappointingly comfortably. A few gestures are made for tourists: there are no plugs for bath or basin, and the water supply fails periodically.

A few visitors are Socialist pilgrims to the last genuine Marxist-Leninist state in the world. A girl in expensive black leather asks guardedly: "Are you, er... or are you a capitalist? (I can't say, I left my label at home)."

Some fall in love with Albania. An elderly Englishwoman with few dependents visited the country recently and declared she wanted to be buried there. Her grave is in Tirana. A young builder on the first recorded direct flight from Britain

*Gigantism is the hallmark of Socialist utopias. But of all utopias, Albania - a nation of only 3m people - is surely the most grandiose*

the bars and barbershops discussing Albania's chances against the England soccer squad next March, or planning their womenfolk's work schedule. Out in the countryside, wives and daughters are cutting maize and digging ditches; their men lie in the shade waiting for the lunch break. This is not Socialist emancipation of women. It is Balkan tradition.

There is a mystique about Albania that draws some 12,000 visitors a year. Once they arrive, however, the mystique is over. Indeed, the motivation of visitors is more baffling than the culture they have come to inspect. They are anti-tourists on a non-holiday. The food is gratifyingly bad,

to Tirana last weekend was going for the third time - not in his life, but this year.

Many are collectors of exotic passport stamps: while in Albania, they talk incessantly about Nepal. (In Nepal, presumably, they talk mainly about Peru). Others are nostalgic for a world before cars, money and lager louts. Some take with them illicit lovers, others merely a thirst for strong drink at rock-bottom prices. They have only one thing in common: curiosity, and a contempt for tourists.

Of course it is in the tour operator's interest to foster an air of mystery, to nod approvingly when the local guide swears that the Party line, being correct, cannot

change and that Albania is not interested in developing tourism as a means of satisfying its desperate need for hard currency. But the operators also suffer their little hardships: the pilot of the aircraft has to carry \$3,000 (£1,732) in cash in his top pocket to pay for refuelling.

It is night-time on the northern plain, and it seems the First World War has broken out again. The rampart of mountains behind is lit up by flashes of a huge, continuous but soundless bombardment. Sheets of light spring out of the horizon to silhouette every tree and house on the plain. Thunderbolts rain from the sky over a ten-mile arc in shaly pillars of white fire, two and three at a time. Sparks fly upwards from where the nearest hills land. For half an hour rural Albania is displayed as through a monstrous strobe light. There is enough electric power being hurled on the country to keep it going until the next millennium.

Next morning, a cloudless Sunday, finds families sunbathing on the beach with transistor radios blaring. Advanced Socialism looks much like anything else when the clothes come off.

Behind rickety chalets, men sit in groups on the grass playing cards. Children are jumping from the concrete dugouts that are buried up to their necks in sand, with one slit eye open for the foreign invader. These dugouts, symbols of Albanian pride, courage and paranoia, sprout like mushrooms everywhere along the principal roads and the single railway track. Six of them in a row in the maize field are decorated with a white letter each to spell E.N.V.E.R. Inland, anti-aircraft guns point at the sky. Up in the moun-

tains, the pillboxes face the other way, at duplicitous Yugoslavia. When the invasion comes, every man and woman knows where to collect a rifle and what to do.

The rest of the world is out of step with Albania, and therefore a potential enemy. However, commercial relations are being unobtrusively developed with East and West Europe - not yet with the infidel Soviets or the Dengist revisionists.

"You think the Soviet Union and the Chinese are socialist," Barilry Follo, a propaganda chief from Radio Tirana told me. "They are not. How can they be when they mount big demonstrations against their governments?" Are there, then, no other Socialist countries? "This I cannot answer, you understand."

Albania's leaders may deride the big powers fearlessly, (and the people have certainly suffered from the subsequent isolation), but they seem genuinely alarmed by the disintegration in Yugoslavia.

The Government's comments on the reassertion of Serbian nationalism in the Yugoslav federation and on the problem of the Albanian majority in Kosovo have been dignified and muted. But they are worried that chaos next door could open the way to superpower intervention by the Soviet Union, or the US, or both. Then it will be time to head for the bunker.

At home, the Albanian Government is stolidly ploughing ahead in the opposite direction to most of the Communist world. For example, far from restoring plots of land to peasants, it is continuing to bring collective farming under direct State control. The leadership has changed, but the line of course, continues. What difference of personality, then, can be detected between Hoxha and his successor Ramiz Alia?

"We loved Hoxha very much, and for us he is still a great leader," said Pollo. "Ramiz Alia is his disciple and for this the people love him also. You have to understand Albania."

The people show their love by working voluntarily on Sundays, digging drainage ditches or repairing buildings whose rooftop banners shout long life to Comrade Hoxha and Comrade Alia. They show it by preferring to raise factories rather than travel abroad, or so the Pan-Albanian spokesmen would have you believe.

They accept too, that the mysterious disappearance in 1981 of Mehmet Shehu, Hoxha's wartime comrade and right-hand man, was by his own hand following his unmasking as a life-long Titoist agent and British-American spy. Who could believe the more Balkan version of the story, circulating in Yugoslavia at the time, that there had been a shoot-out at a Politburo meeting between two mutually suspicious and ruthless men?

There are, of course, no dissidents. But some comrades who get permission to visit relations abroad may simply forget to return.

Albania, said the man from Radio Tirana, can be compared only with itself. As far as the policies of the leadership go, that may well be so. But the country is susceptible to all kinds of comparisons, cultural and economic. And by any measure the Albanians, proud and hospitable though they be, are living in a poor, vulnerable and stagnating society. The gap between the grandeur of the Government's rhetoric, monument-building, and heroic myth-making and the bare realities of everyday life could not be greater.

In Albanian museums you may see recorded a carefully-etched portrait of popular achievement, harking back to distant Illyria. But the more eloquent portrait, painted in human scale, is to be found in the real museum outside.

### The Long View

## Why the index points the way

SUDDENLY, index-tracking funds are in vogue. Pension funds are lapping them up and insurance companies and unit trust buyers are nibbling.

For those of us who for years have been promoting the solid - if strictly basic - virtues of index funds their sudden popularity is gratifying, but also puzzling. Why should the arguments fall year after year on barren ground, then abruptly begin to take root?

The reasons, I fear, are mostly negative ones. Conventional or "active" management has proved disappointing in many cases. Rapid rises in charges have made the lower costs of index funds look more attractive. And in times of uncertainty, defensive investment products tend to be viewed positively.

Second marriages, it is said, represent the triumph of hope over experience. In the same way you could argue that active management has in all too many cases represented the victory of optimism over hard statistical evidence.

It is, of course, perfectly possible to beat the stock market indices. You may be clever at picking stocks. You may be smart at spotting trends. You may have the instinct to be able to exploit market cycles and going liquid near the top point.

All these management styles, and more, contain the potential to beat the indices handsomely. The trouble is,

hardly anybody manages to achieve these positive results consistently (and all claims, please, to the WM Company).

Whereas during a bull market, when equities are going up at, say, 20 per cent a year, clients are willing to forgive their fund managers some slight slippage - because 18 or 19 per cent is still nice to have - it is a different matter in a bear market. Over the past 12 months the UK market is showing a fall of more than 20 per cent. To pay an extra fee and still show a bigger than normal loss can be very frustrating.

Then there is the uncomfortable fact of averages. Investors as a whole cannot do better than a broad stock market index such as the All-Share (in fact, they perform worse, because they suffer costs). And since institutional fund managers control 70 per cent or more of the UK equity market there is precious little scope for them to outperform at the expense of small investors. So it follows that the average fund will do better as an index fund, if only because its costs will be lower.

In this context I should add that there are cynics who argue that what we are seeing is the increasing adoption of indexation but only its formal recognition. Fund managers are coming out of the closet. The average performer will not get the sack. So it is more profitable to run an index tracking fund and charge



**The sudden success of index-tracking funds illustrates how an old idea can eventually break down barriers and achieve acceptance**

active management fees so long as you can get away with it. But at last pension fund consultants and trustees are getting wise to this. With unit trusts the potential cost savings for investors are greater still. Morgan Grenfell's new index-tracking fund

charges only 0.5 per cent a year, whereas actively managed UK funds are now charging 1 or even 1 1/2 per cent.

In the short run, index funds are unlikely to sparkle in the performance tables. Over a period like ten years, however, the historical evidence is that the index-tracking funds - assuming they achieve technical competence in meeting their objectives - will show at least 90 per cent of their actively managed competitors a clean pair of heels.

So at last the UK is following the lead of the US, where index-tracking methods have now made very big inroads into the pension fund market (though they are still quite small in mutual funds). But as I say, the virtues of index funds are distinctly basic. They also have all sorts of fundamental drawbacks, not least that they destroy the link between companies and shareholders. It is the computer which makes the buying and selling decisions.

Moreover, if index funds come to represent a significant proportion of the market, distortions will start to become apparent. Active managers will find it possible to run rings round the computers, for example, as they try vainly to get a proper weighting in stocks which are in short supply.

Changes in index constituents will prompt a flurry of dealings. We could get a small taste of this in January when

Eurotunnel will be included in the All-Share index for the first time (and probably in the Footsie as well). Large privatisation issues, such as of the electricity industry, could cause a few fuses to be blown if they are oversubscribed.

More fundamentally, an index is a very artificial concept to invest in, and a flawed one. To achieve the right weightings you must invest more heavily in stocks that are overpriced than in those that are underpriced. Normally you do not know which is which, but occasionally you may have grounds for suspicion.

This shows up most clearly in global index funds, which have not hit the unit trust scene yet but are available for pension funds. Consider an American investor who wants to put money into a global non-US portfolio. At present he will find himself putting two-thirds of his money into Japan. That turns what was intended to be a risk limitation exercise into a gamble on Japanese ratings. Attempts are made to get around this problem, for instance by weighting the country exposure according to gross national product rather than market capitalisation. But that is to abandon the index-tracking philosophy.

Cometh the hour, cometh the programmer. Index-tracking funds provide an answer to this year's particular problems. Yet they will create their own competition.

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MARKETS

LONDON

# Equities spend their time going nowhere

THE LONDON equity market has spent the trading account which ended yesterday going hardly anywhere as lack of interest has alternated with attacks of nervous activity. It is a pattern which in many respects is typical of the market over much of 1988.

Three features in particular have dominated trading this week. On the negative side, there was considerable nervousness ahead of Thursday's US trade figures and yesterday's UK inflation statistics; while the strength of sterling has helped depress blue chip exporters.

On the more bullish tack, a flurry of bid speculation around some large stocks, notably Sears, Trusthouse Forte and Lough, gave a bit of pep to what was a relatively quiet week for corporate news.

After a quiet opening to the week, the market lost confidence on Wednesday, ahead of the US trade figures, and followed Wall Street down.

As it turned out, the American trade deficit in August was only a little worse than had been widely expected and the market, having fully discounted the figures already, was unmoved by the news.

Similarly, the UK retail price index for September, released yesterday, showed inflation proceeding at an annual rate of 5.9 per cent - within the forecast range - and the news had precious little impact on the equity indices. The FT-SE 100 index ended about four points down on the week and around 14 up from its level at the start of the account.

Over the past few weeks the market has gradually rallied from the dog days of early September, when the FT-SE dropped to around 1,750, but in the account just ended the index has languished at the 1,850 level.

Some of the leading equity analysts are arguing - as they have for much of the year - that on fundamental grounds the FT-SE could go well above 1,900 by Christmas. According to Warburg Securities, for example, the gap between the yield on bonds and equities

the battle against inflation was "pernicious" and that interest rates would have to stay high for quite a while to have an effect.

The question this poses is whether rates will have to go even higher to choke off consumer spending, thus increasing industry's borrowing costs and making sterling, which is suddenly currency flavour of the month, even more attractive to speculators.

Whatever the upside potential of the market, Rascal Electronics and its financial advisers is praying that there is no sudden downward shake-out between now and October 21. That is when applications close for Rascal Telecom, the mobile telecommunications subsidiary of Rascal, which is being floated on the UK, European and US stock markets.

This week saw the publication of the prospectus, putting a price of 170p a share on the company, a prospective price/earnings ratio of 30.5, one of the highest ratings ever commanded by a London new issue.

Rascal Telecom certainly is a financial gold mine at present, thanks to its main business, Vodafone, the fast-growing cellular telephone network, and the multiple being asked is fairly modest when set alongside some of its US counterparts. Whether that comparison will go down well with Rascal's existing shareholders, who are being offered the bulk of the shares on offer, is another matter.

On the takeover front, the week brought forth a £212m hostile bid from Kelt Energy, an independent oil company, formerly known as Concorde Energy, for Carless, another independent. The bid threatens to scupper Carless's plans for a merger with coal group Ryan International, which had already secured strong hostility from Carless's major shareholder.

Meanwhile, Williams Holdings, the aggressive conglomerate, launched a £331m agreed offer for Pilgrim House, the electrical and electronics group created earlier this year by the merger of RHP and Burgess Group.

One of the most intriguing deals of the week involved two of the high street's high fliers: Esters, the jewellery retailer, is paying £150m to buy the 130-store Zales chain and Sellsbury, the 260-outlet luggage retailer, from Next.

All the stores were part of Combined English Stores, which Next acquired in 1987 - ripping Esters, which had bid for the group first. The sale came hard on the heels of a set of dull interim figures from

Next, and there was inevitably speculation that the sale was a forced one.

George Davies, who has transformed Next into one of the most exciting high street names, denied this. But whatever the case, the deal seems to be a sensible one for Next, which at a time when the retailing outlook is hardly dazzling, seems to be recognising its limitations.

It remains to be seen whether the same can be said for Esters, which has expanded extremely rapidly over the past two years and which this week made its third rights issue in 18 months. Its track record so far may be hard to fault, but growth in the jewellery industry must be harder to achieve over the next year.

But perhaps the most exciting deal announced this week was a tie-up between Allied-Lyons, the food and drinks group, and Suntory, Japan's biggest liquor company. They are establishing a joint venture to market Allied's drinks in Japan and Suntory's outside it. The two are also exchanging shares: Allied will get 1 per cent of

Suntory and the latter 2.5 per cent of the British company.

The figures may be small but in Japanese terms the agreement is significant. Allied will be the first outside shareholder in the 60-year history of the privately owned Suntory. The world drinks industry has been undergoing a major restructuring over the past few years, and until now Japan has been largely excluded from the upheaval. This week's deal brings it in.

Allied, as it happens, is on bid alert, with Alan Bond, the Australian businessman, holding 11 per cent of its shares. The first temptation must be to see the Suntory deal as some form of share repurchase. But the equity involved is so small, and the potential benefits of the agreement so great, that defensiveness is surely a side issue.

Another matter entirely is whether over the coming years it is Allied or Suntory which gains more from this week's celebratory clinking of glasses.

Martin Dickson

FINANCE & THE FAMILY: THIS WEEK

### The UK equity market back to fundamentals

Although the UK equity market has been showing a year-on-year fall of just over 20 per cent, on the basis of the All-Share Index, by next weekend it could be showing a modest gain. One year after the October stock market crash, Barry Riley considers the state of the market and finds it now based on more solid fundamentals than in the heady trading days of 1987. Page III

### Decision day for London Life

It is crunch time for policyholders in London Life. An extraordinary general meeting at the Barbican centre next Wednesday is being held to seek approval of its proposed merger with Australian Mutual Provident. Eric Short looks at the background. Page III



### A weather eye on spending

The Great British Public is still spending a bundle - often on imported products. With the trade figures wobbling, market strategists will be keeping a sharp eye on the week's retail sales figures and results. Company News Summary, Results Due tables: Page IV

### The dangers of off-screen trading

The price war since late August between the Stock Exchange's market-makers has sparked fears that it will undermine the screen-based system for quoting share prices. Clive Wolman asks if small investors will again have to start worrying if their stock brokers are always finding them the best deals. Page IV

### Shipshape and Bristol fashion

With London stockbrokers pulling out of private client business, regional cities such as Bristol have been cashing in on new trading opportunities. In the second of our series on regional brokers, Anthony Moreton looks at a renaissance in the city of the Merchant Venturers. Page V

### SAVINGS: The new National Savings book: Page III

### READERS' RACE: A Major success: Page V

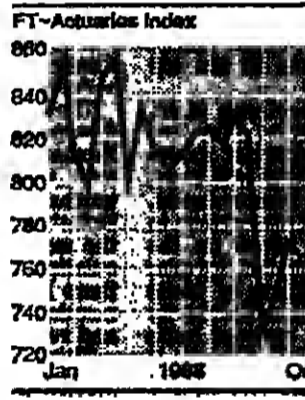
### UNIT TRUSTS: Performance over the year: Page V

### BRIEFCASE: Your questions answered: Page VI

### FT-A All-Share Index



### Stores



### Dividend yields in the spotlight

A year ago the stock market was showing little interest in dividend yields, but October 19 changed all that. The more than 50 per cent rise in the yield on the FT-A Actuaries All-Share index over the last year is now regarded as a prime reason why the chances of another major collapse in share prices are most unlikely. Over the last five years, annual dividends have on average grown three times as fast as retail prices, and Phillips & Drew, for example, is forecasting that they will grow at least twice as fast as the rate of inflation this year and next.

### Gloomy outlook on the shop floor

It is ironic that in the midst of one of the most prolonged consumer spending booms in UK history, the stores sector has substantially underperformed the stock market for two and a half years. The performance is even more remarkable given that the sector has been traditionally regarded as a good defensive play in current stock market conditions. The main reason is that the profitability of an increasingly mature industry is being squeezed by intense competition and a deteriorating cost structure, at the same time that relatively less is being spent on basic essentials and more on discretionary areas, such as leisure. The big worry now is that any economic slowdown will seriously damage next year's profits.

### F&F journalist wins award

John Edwards, Personal Finance Editor of the *Financial Times*, was named as Personal Finance Journalist of the Year in the Bradford & Bingley building society Personal Finance Media Awards announced this week. Geoffrey Lister, chief executive of Bradford & Bingley, said Edwards "was outstanding for his in-depth subject knowledge and intelligent appraisal of complex subjects." The personal finance newspaper of the year award went to the *Daily Mail* for its Money Mail section. The winning television programme was Channel 4's *MoneySpinner*.

THE "rational expectations" theories which emphasise the stock market's ability to foresee and discount the future took a terrible drubbing at just this time last year. Not since the 1920s had equity investors been so hastily caught out in their pursuit of imaginary phantoms.

As everybody well remembers, equity prices collapsed by 35 per cent from last August to October, with virtually no change in economic fundamentals, and the rational expectations school was showered with merciless derision for its naive belief in the collective wisdom of the bullish herd.

It was appropriate, therefore, that Wall Street waited until this week, so near the anniversary of Black Monday, to offer an unexpected token of its appreciation to the true believers who still flatter the stock market with the rational expectations ideas. The market's reaction to this week's economic announcements showed a far-sightedness and maturity which could have come straight out of the economic textbooks.

The big fall came on Wednesday, the day before the scheduled release of the August trade deficit, when rumours originating from seemingly reliable sources in Tokyo swirled through the bond market, suggesting that the figures

### There was more than a hint of a smug "I told you so" in the market

would be a good deal worse than the \$11bn to \$11.5bn which Wall Street's economists had foreseen.

The Dow Jones Industrial Average accordingly fell by 30 points, wiping out most of its 42-point gain the previous Friday. For a few faint-hearted souls this sequence of events might have borne an alarming similarity, albeit in a scaled-down form, to the Dow's abrupt fall ahead of an extremely unfavourable trade release last year in the second week of October.

But this time, far from degenerating into panic when their fears were realised on Thursday morning with the announcement of a \$12.3bn trade deficit, investors simply shrugged their shoulders. There was more than a hint of

JUNIOR MARKETS

## Jeyes aims for a clean sweep

SHOULD YOU be setting about the household chores armed with *Jeyes* disinfectant, *Jeyes* Fluid or *Santilax* this weekend, it might help to relieve the tedium to know that all these products are putting in an appearance on the Unlisted Securities Market next week.

*Jeyes* Group, which manufactures these among other well-known domestic cleaners, plans to make its debut on Tuesday in a 25m placing which will give it a market capitalisation of £15m.

Considering how long-established are its products - *Jeyes* Fluid is 112 years old - it may seem surprising that *Jeyes* has not been absorbed by the likes of Unilever by now. The answer is that the company was owned by Cadbury Schweppes until 1986, when it was bought out by the present management.

The *Jeyes* USM-debut follows hard on the heels of the flotation last week of Swallowfield, the aerosol filler, which was also bought out by its managers when food and drinks concern Cadbury made a clean sweep of its household goods interests.

*Jeyes*, which has turned around from an operating loss of £400,000 in 1986 to a profit of £1.55m in 1987, claims to occupy a particularly strong position in the UK in having its feet firmly in both the branded and the customer own-label ends of the markets

it serves. Jimmy Moir, managing director, says that the branded side of the business (which accounts for about 60 per cent of turnover in the UK) benefits the customer label side because market research carried out in respect of *Jeyes* products, providing evidence that consumers have found them acceptable, adds extra fire power when it is seeking orders from the chains.

The company also boasts an international sales network, spanning nearly 30 countries, as a carry-over from the Cadbury Schweppes era. However, in 1987 non-UK sales accounted for less than 10 per cent of turnover, since in many cases it sells just one product into a given country. Making use of existing links to channel a broader range of products is now a priority, Moir says.

Apart from developing its own brands, *Jeyes* has been busy adding others to the stable. It has already made three acquisitions since the buy-out, acquiring the Izal medicated tissues and antiseptics prod-

HIGHLIGHTS OF THE WEEK

	Price 14/10	Change on week	1988 High	1988 Low	
FT Ord. Index	1494.0	+3.5	1614.7	1346.0	Dollar weakness.
Alexandra Workwear	178	+43	165	142	Good first-half results.
Bridon	182½	+21½	180½	137	Takeover speculation resurfaces.
Burford Group	388	+48	368	155	Bid approach.
Capital Radio	431	+85	431	161	Strong demand, thin market.
Carless	116	+19	131	79	£212m bid from Kelt Energy.
Hell (Matthew)	176	+42	179	111	Bid from AMEC.
Hewlett Whiting	130	+15	217	113	First 50% bid speculation.
Invergornton	405	+49	405	168	Management buy-out details.
Joseph (Lampok)	490	+80	403	413	Takeover speculation.
Pilgrim House	257	+57	258	156	Agreed bid from Williams Holdings.
Reefearn	620	+54	535	448	Intentioned bid of £200 per share.
Rush & Tompkins	330	+55	332	190	Higgs & Hill takes 14.9% stake.
Trevitt & Arnold	520	+58	578	309	Swelling outcome of bid battle.
Vivat	110	+28	101	81	Takeover approach.

ucts from Sterling Winthrop in 1986, and in 1987 it bought a range of liquid cleaning products as well as Herbal Air, a small air freshener business.

However, all this acquisitive activity, combined with capital spending of about £1.5m to update plant and machinery largely neglected during the Cadbury era, has taken its toll on gearing, which now stands at 180 per cent. The immediate aim of the flotation, £4.5m of which is new money, is to get this down to about 30 per cent.

The appearance of two companies previously the object of management buy-outs in the space of a fortnight might suggest that MBOs are currently playing as big a part on the USM as they are on the main new issues market. However, this is not borne out by Nottingham University's Centre for Management Buy-Out Research in its annual review, published this week.

The Centre's figures show that during 1987 nine MBOs were floated on the USM, out of total new issues of 77, against 21 out of a total of 93 in

1986. In the first six months of this year the number of MBOs rallied to nine, but this compared with a total of 68 companies, tapping the new issues market.

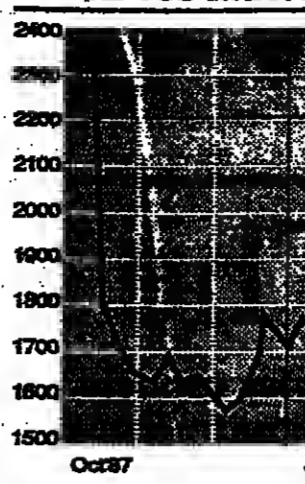
However, the significant trend, says the Centre, has been the number of MBOs choosing to float on the main market instead of the USM during this period.

Only 15 such companies (out of total new issues of 136) obtained a full listing in 1986, but this rose to 21 (out of 155) last year. In the first half of 1988, 15 MBOs obtained a listing - almost a quarter of all companies coming to the market.

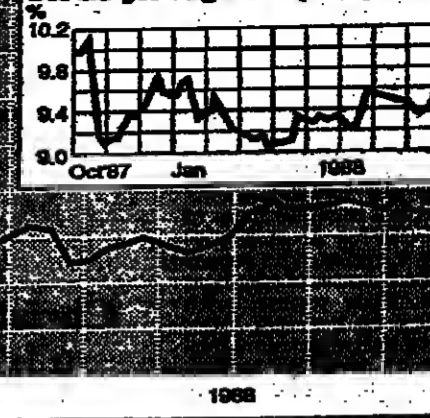
The Centre suggests that one reason for the shift has been the large rise in the average size of buy-outs, so that more companies have been able to bypass the USM - though they are unable to do so if they lack a five-year record. Meanwhile, a growing number of MBOs have been selling out to another company.

Clare Pearson

### FT-SE 100 Index



### UK 25 yr. High coupon yield



potential problem facing US economic policymakers.

Wall Street now seems happy to discount a trade deficit which has stabilised at around \$11bn to \$12bn a month, with little sign of further improvement. If the rational expectations school were to come back into vogue in the weeks and months ahead this could be taken to imply that there was nothing fundamentally wrong with the US running an annual current account deficit of \$140bn to \$150bn for years after year.

Initially, this idea could prove reassuring to investors and politicians alike. In reality, however, the US cannot go on accumulating foreign debt at a rate of \$140bn to \$150bn annually forever. And it is becoming increasingly apparent that the trade deficit will not be closed without a much bigger fall in the dollar, or a recession - most probably both. This was the true message of the August trade figures. The question for investors is how long it will take the markets, in their collective wisdom, to realise that they have fooled themselves yet again.

The trade deficit has always been, and remains, the biggest fundamental threat to US economic prosperity and international financial stability. Correspondingly, the likelihood that the improvement in the trade performance would grind to a halt has been the biggest

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Anatole Kaletsky

New Issues

## What price a cellular selloff?

HOW WOULD you value a company which after several years of big losses eventually moved into the black and then started doubling pre-tax profits each year?

The answer is none too simple. British Steel, which floats next month, is likely to be put on a prospective price/earnings ratio of maybe between 5 to 8 and an above average yield.

Rascal Telecom, the company which operates the Vodafone cellular communications network, is being launched on a prospective p/e of 30.5 and a yield of just 1 per cent.

Neither company will carry any significant debt and both have similar profit records. British Steel lost money in the years to March 1982, 1983, 1984 and 1985 - but then produced successive pre-tax profits of \$42m, \$177m and \$419m. Rascal Telecom lost money in the years to March 1984, 1985, 1986 and 1987 before making a profit of \$77m last year, a figure which is forecast to increase to \$77m this time.

So why the contrast in pricing? The answer lies in the perceived prospects of the two companies.

British Steel, the logic runs, is a capital intensive company operating in a cyclical industry plagued by overcapacity. Its high fixed costs means that any downturn in demand, or sharp fall in price, has a highly negative effect on its profits.

Rascal Telecom, in contrast, is in a high growth business - mobile telecommunications - and is only one of two companies in its market (the other is Cellnet). Having incurred the start-up costs of establishing the Vodafone network, it can now sit back and watch as profits grow as subscribers scramble on to the system.

There is obviously a sharp difference between the outlook for the two companies. But is that differential fairly reflected by a p/e ratio five times higher for Rascal than for British Steel? Or by a yield six or seven times higher for British Steel than for Rascal?

One answer could be that British Steel is being sold on the cheap. The Government is anxious to resume the successful pattern of its privatisation programme, which was so rudely interrupted by the IP flop last November.

With electricity, water and new coal still on the privatisation agenda, it is not surprising that it would be better to have British Steel safely floated than to squeeze the last few million of proceeds out of the issue.

Philip Coggan

Sir Ernest Harrison, chairman of Rascal.

Sir Ernest Harrison, offers two alternative valuation methods. The first is the discounted cash flow model. This takes the assumed future cash flows of a company and then discounts them back to reach a present value. As in all models, much depends on the assumptions made, and in particular, the discount rate chosen. The higher the rate, the lower the valuation.

Some analysts have used discounted cash flows to arrive at a valuation of £2.15bn, compared with the proposed market capitalisation of Rascal Telecom of £1.7bn. But Kleinwort Benson, using different assumptions about cellular's market penetration, have arrived at a discounted cash flow value of just £1.15bn. And last anyone think that Kleinwort has been unduly pessimistic, its valuation assumes continued returns on capital of over 100 per cent.

There are plenty of potential problems for Vodafone: other companies might be granted in the 1990s, overseas cordless phones may take market share. Ofel may regulate its profits... Assumptions on these questions need to be made before valuing Vodafone on a discounted cash flow basis and thus such models have their drawbacks.

There are also problems with the other valuation method, the so-called "per pop" system. This values cellular companies on the basis of the population covered by the cellular service.

On this basis, Rascal is valued at \$31 "per pop", compared with US values of between \$88 and \$56 "per pop." It may sound like mumbo-jumbo but it is the way that US cellular companies might be valued. The cable television sector companies were also valued on a population coverage basis. As yet, such valuations have proved optimistic.

However, all this may not matter if US investors regard Rascal Telecom as cheap and flock in to buy up the issue. That must be the main chance for the issue's success.

The private investor is only being given the chance to buy 12.6m shares, 1.36 per cent of the total equity, and thus is fairly unimportant to the issue's success. However, those investors who want to buy equities may well consider that there are cheaper and less-risky shares on offer.

Another matter entirely is whether over the coming years it is Allied or Suntory which gains more from this week's celebratory clinking of glasses.

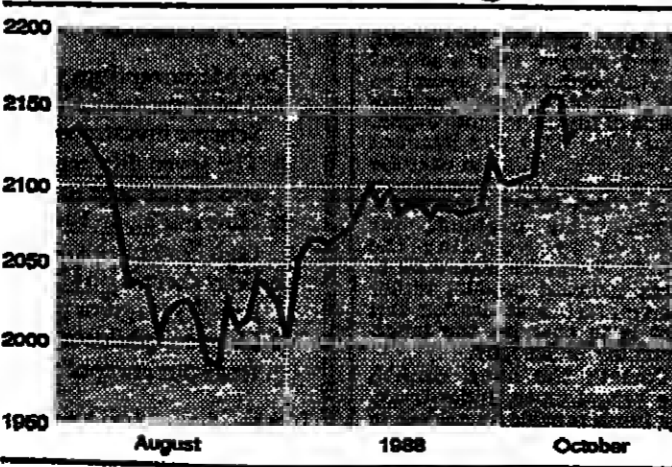
Martin Dickson

Philip Coggan

WALL STREET

# Not so great expectations

### Dow Jones Industrial Averages



a smug "I told you so" in the market as the Dow market confidently, if slowly, upwards, while the economists and politicians wrung their hands about what could have been viewed as a pretty appalling development.

The same mood continued yesterday morning in response to the next batch of statistical announcements. At this rate, the talk next week on Wall Street could be about a new assault on the post-crash peak of 2,158 and, beyond that, on the technically vital "gap" between 2,200 and 2,250.

This gap, created by the collapse of prices on Black Mon-

day, is seen by the technicians as a virtually impenetrable barrier to any contained upswing. If only the gap could be covered, the way would be clear for the Dow to move considerably higher, perhaps as far as 2,400 by the end of the year.

The growing likelihood of a victory for vice president George Bush in next month's US election could provide some psychological fuel for such a year-end rally. And the corporate results season, which was led off this week with decent results from both IBM and General Electric, should do nothing to stand in the way of a minor bullish trend. However, it is the market's calm and collected response to Thursday's trade figures which offers the best reason for short-term optimism.

The trade deficit has always been, and remains, the biggest fundamental threat to US economic prosperity and international financial stability. Correspondingly, the likelihood that the improvement in the trade performance would grind to a halt has been the biggest

potential problem facing US economic policymakers.

Wall Street now seems happy to discount a trade deficit which has stabilised at around \$11bn to \$12bn a month, with little sign of further improvement. If the rational expectations school were to come back into vogue in the weeks and months ahead this could be taken to imply that there was nothing fundamentally wrong with the US running an annual current account deficit of \$140bn to \$150bn for years after year.

FINANCE & THE FAMILY

Currency markets may be uncertain but at least equities look more solidly based, says Barry Riley

# Close your eyes, imagine a bull market

THERE IS one good thing in retrospect about the suddenness of the stock market crash a year ago. Whereas this week the UK equity market has been showing a year-on-year fall of just over 20 per cent, on the basis of the All-Share Index, by next weekend it could be showing a modest gain.

By early November, in fact, so long as it holds close to its present level, this index could be showing a year-on-year rise of 20 per cent. You might almost imagine it was a bull market.

This week's sudden sharp action in the currency markets, however, after a quiet period, is bound to create new uncertainty. With the dollar

suffering from a worsening of the US trade figures, the UK market now has to start bracing itself for our own trade returns due at the end of the month.

But at least it can be said that the UK equity market is now based upon much more solid fundamentals than it was twelve months ago. As the market headed unsuspectingly towards the crash, the All-Share Index was standing at around 1200 (only about 3 per cent short of the all-time peak achieved on July 16). At that level the yield was a bare 3 per cent and the price-earnings ratio on industrials was a demanding 18.5.

These were high ratings on

the back of the market's history. The average yield on UK equities over the past 50 years, according to brokers Phillips & Drew, has been 5.3 per cent. The p/e has fluctuated a good deal, being affected by inflation. In the late 1970s it was around 8 on average, but in the 1980s it has more typically been 12 or so.

A year ago the bulls tended to justify the level of the market by pointing to the high growth rates of earnings and dividends. In the event there was absolutely no disappointment in this respect. Dividend growth on the All-Share has been 15 per cent over the past year, and earnings per share growth on industrials has been

an even more remarkable 20 per cent.

Yet this degree of growth, splendid though it was, turned out to have been hopelessly over-discounted ahead of the crash. When the good results and dividends came through in the months after the crash they were nowhere near powerful enough to take the market back towards its peak, although share prices have recently been trading about a third of the way up between the post-crash low and the pre-crash high.

The dividend yield is now close to 4 1/2 per cent, and growth prospects are still good enough for the prospective yield to be projected at 5 per

cent when all the declarations for 1988 are made. Growth of earnings will slow down a little this year but will remain good, so that the prospective p/e ratio could come down to 9 or so.

On this basis the UK equity market is trading on a fairly average valuation base, and is discounting a degree of trouble in 1989 when there will need to be a sharp slowdown in the UK economy and something of a squeeze could develop.

Another way of testing the value in equities is to look at the dividend yield in relation to long-term interest rates. A year ago long-dated gilt-edged were yielding 10 per cent against 9.2 per cent today. The

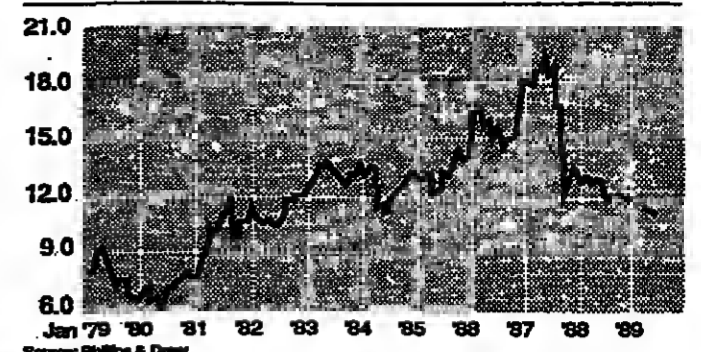
reverse yield gap was therefore some 7 per cent compared with under 5 per cent today.

Putting it another way, the yield ratio in percentage terms was some 330, historically a very high level, compared with about 210 now, which is very much a normal level. So on this basis, too, the market is comfortably valued.

With the crash now a year in the past, and dimming in the memory all the time, perhaps investors will start to regain more of their confidence. But there remain certain dangers.

Chief among these, perhaps, is that rising inflation is now posing a threat (remember that p/e ratios were very low in the inflationary late 1970s) and

Published P/E ratio



Source: Phillips & Drew

that at some stage this could spark a flare-up in long-term interest rates. If so, the yield gap could become an unfavourable influence once again.

On the other hand, if the Government succeeds in cracking down on inflation it will be through a policy of maintaining high short-term interest rates (which could stay at present or even higher levels at least until next spring) and a correspondingly high level for the sterling exchange rate. This will squeeze company profits, especially if pay levels continue to rise rapidly.

Nobody is yet sure how serious this crunch will be. For the time being, still licking their wounds a year after the crash, investors are adopting a policy of wait-and-see.

## A suitable partner for Life?

IT WILL be crunch time for London Life policyholders on Wednesday when the group holds an extraordinary general meeting seeking approval of its proposed merger with Australian Mutual Provident.

Many policyholders will have already made up their minds, since the deadline for proxy votes is Monday.

Nevertheless, the extraordinary general meeting at Cinema 1 in London's Barbican Centre is likely to be crowded and controversial, with policyholders being given a last chance to decide whether they should vote in favour of the merger.

To gain approval the merger must be backed by a minimum of 75 per cent of the votes cast. So even if a majority of the 66,000 policyholders are in favour that does not necessarily mean the plan will go through.

The formation of a "ginger group" of policyholders to oppose the merger suggests that the London Life board may not have an easy time in obtaining the go-ahead. But policyholders will have to consider carefully the repercussions for the group if the merger is blocked.

London Life is not insolvent and could continue on its own, its capital base, as represented by the free reserves it, however, comparatively small - latest published figures put

the free reserves at around only £100m, against liabilities of £1.1bn.

With such a small base, the company, if it remained independent, would have to control its new business growth very carefully and adopt a more conservative investment strategy, not the best conditions for good bonus declarations.

Prospects for policyholders would be much brighter if London Life could merge with a major partner with a large capital or free asset base. This is the professional opinion of London Life's actuary, which is accepted by the "ginger" group.

The dispute between the two sides is over whether AMP is the right institution for London Life and over the terms of the proposed merger.

The London Life board says the merger with AMP represents the best deal it could get. But the merger document itself does little to reassure policyholders over their doubts. To start with, AMP may be one of the largest Australian life groups, but its UK operation is small.

AMP is a mutual life company, aiming to expand its operations in the UK and Europe and it sees London Life as the ideal vehicle for its plans. For the short term at least, it will be putting money into London Life, not taking it out, and maintaining a compet-

itive bonus rate. Policyholders get an immediate benefit in the form of a special bonus. In addition, there would be no branch closures or job losses for London Life. Nevertheless, AMP expects a reasonable rate of return from its equity, after London Life's policyholders have had their reasonable expectations fulfilled.

London Life's board and actuary are confident that these conditions will be fulfilled and there is also the Department of Trade and Industry to ensure this happens. Nevertheless, these safeguards did not appear to have been specifically spelt out in the merger document.

### Eric Short looks at London Life's proposed merger with AMP

But if policyholders do not consider AMP to be suitable then which company would be a better partner? The London Life board talked to more than 15 institutions, including Equitable Life, before opting for AMP. Yet it did not consider that policyholders should be given even brief details of these other approaches and why they were rejected.

Many London Life policy-

holders also have contracts with Equitable Life. It is a company they know and understand and feel that a merger would be beneficial. The ginger group in a circular to policyholders highlights this as an important factor to be taken into account. The format of any merger is an equally important consideration for policyholders.

A feature not made clear in the document is that London Life would operate as a sub-fund within the main AMP life fund (called the No 1 fund).

It would have complete separation of assets and operations and determine its own profits from its own activities. It would have a high degree of autonomy under the overall control of AMP.

Here lies another vital point of contention with some policyholders. Under the terms of the merger, they will become AMP policyholders and their voting rights will relate to the appointment of the main AMP board. Although the ginger group were able to secure concessions in terms of the London Life local board representation, the practical power of this board would still be limited.

However, any alternative merger is likely to mean the amalgamation of London Life's funds and operations within the takeover company. This would involve not only loss of identity for London Life



Oliver Dawson, president of London Life

and passing of control to the other company, but also possible branch closures and staff redundancies.

That is the basis of Equitable Life's terms - not the bed of roses some policyholders seem to think it would be.

Policyholders must understand that a rejection of the merger needs to be accompanied by clear instructions to the board for the future direction of London Life.

Rejection by a clear majority would be the strongest sign that the board should consider other partners, particularly London Life.

However, rejection by a minority would leave London Life as a rudderless ship. This would be the worst of all outcomes for policyholders.

## Deposit Bonds to be replaced next year

THE FIRST new National Savings product for three years - a Capital Bond to be launched early in January - was announced by the Chancellor at the Conservative Party conference in Brighton this week.

It will replace the Deposit Bond, which will be withdrawn from sale on November 19. The new feature of the Capital Bond is that while it will offer, like Savings Certificates, a guaranteed return over a five-year period, it will pay a higher interest rate that will be paid gross but be liable to tax.

Because of the liability to tax, there will be no restriction on the maximum holding since the bond will have no special benefit for high rate taxpayers like the tax-free savings certificates.

The new bond by paying a high gross interest should have a special appeal to non-taxpayers. National Savings, which as a government organisation is in the privileged position of offering tax-free investment products, has been heavily criticised in recent months for failing to pay competitive interest rates to those usually most in need of a decent return on their savings - non taxpayers.

The rate of interest paid by the Capital Bond, which will increase each year to encourage investors to hold it to the end of the five-year period, will be announced later near the launch date. So at this stage it is difficult to judge whether it will be a great improvement on savings certificates - the 34th issue is currently offering a guaranteed 7.5 per cent compound interest rate, tax free, over five years. For the high rate taxpayer this is equivalent to 12.5 per cent annually - a very competitive rate.

The maximum holding you can transfer from previous issues of savings certificates to the current 34th issue is being doubled from £5,000 to £10,000.

## Capel's new unit trust

A NEW index unit trust, this time tracking the performance of the American market, is to be launched by James Capel, the London stockbroker. It follows hard on the heels of the UK market index fund, announced last week by Morgan Grenfell, who also plan to add a US index fund shortly.

James Capel says that with the dismal performance of most UK unit trusts investing in the America market in recent years there was a key need for an index fund that

would provide a core holding for investors in this important market. During the last five years not a single UK authorised unit trust investing in the US had managed to beat the index.

The company's new American Index Fund will seek to track the performance of the Standard & Poors 500 index.

A 2 per cent discount will be offered to all investors during the launch period from October 31 to November 18 when there will be a fixed price of 100p a

unit. This means that intermediaries or agents qualifying for a three per cent discount will be buying the units initially with no front-end charge. After that there will be an initial charge of 5 per cent and an annual management fee of 1 per cent - double the annual fee charged by Morgan Grenfell for its UK index fund.

Minimum investment is £1,000 and the estimated initial gross yield is 2 per cent.

John Edwards

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Come to the Shearson Lehman Hutton seminar, "October 19: Perspectives and Opportunities." Hear experts from Wall Street and the City assess the situation and identify some of the opportunities that it presents for investors.

Shearson Lehman Hutton Economists Stan Carnes and Peter Warburton and Chief Currency Analyst Anne Mills will present their analysis of the situation and explain why they believe the worst is over. Learn what the changes in the marketplace could mean to you and how you can profit from the most promising investment opportunities, particularly in dollar-denominated securities.

DATE: October 19, 1988  
TIME: 5:30 to 7:30 p.m.  
PLACE: The Ballroom of The Inn On The Park Hotel, Hamilton Place, Park Lane, London  
CALL: Sarah Dyas on 01-260 2519

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Or write: Shearson Lehman Hutton, One Broadgate, London EC2M 7EA. ATTN: Sarah Dyas

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FINANCE & THE FAMILY

The Week Ahead

All eyes on spending boom

THE WORLD and his wife knows that the Great British Public is spending a bundle, and too much of that on imported products which have knocked the trade figures again.

There will be more evidence of the spending phenomenon this week, both in a clutch of economic statistics, and in the results of British companies which are manifestly trying to keep up with demand in a wide range of consumer persuasions.

Market strategists say that they will be keeping a sharper than usual eye on Monday's economic offerings: provisional retail sales for September and the Confederation of British Industry/Financial Times survey of distributive trades for the same month.

The retail sales figures are now very important, given the warning signals they contain for the balance of payments, says David Thwaites of the economics team at Citicorp Scrimgeour Vickers. "We're going for an 0.5 per cent increase over August; other estimates are slightly less, in the 0.2 per cent region." A growth rate stronger than 0.5 per cent would upset the market, he says.

However, says Thwaites, Thursday's provisional estimates of monetary aggregates for September will be the most important economic statistics of the week. Analysts will be zeroing in on sterling bank lending, monitoring the money supply figures for the growth of money in the economy, and waiting for Friday's third quarter estimates of consumer expenditure to finish the week in the same, somewhat nervous way in which they approached it.

Friday also brings monthly figures from the Building Societies Association and, perhaps, some further indication of the way successive increases in mortgage rates have affected the residential property boom. The consumer companies start up the market (and up the map) with Monday's results from Highland Distilleries, which has been getting fat in recent years from the

success of its Famous Grouse blend, not to mention the single malts with which the company has traditionally been associated. There will also be interims from Jullama's, the discotheque operators.

On Tuesday, they really get into their stride. There are full year results from Regina Health & Beauty, which sells Royal Jelly; and interims from the Misa World Group, Cramphorn (the garden centre operator), and Chapstow Racecourse.

The sporting theme continues with Tottenham Hotspur's results on Thursday, while the entertainment-oriented LWT (London Weekend Television) closes the week with its full year figures on Friday.

Brownlee Maddox, which analyses the television programme contractors for stockbrokers Kleinwort Grieveson, said last May that the whole sector was undervalued and,

within that, rated LWT a strong buy. The stock has outperformed the market over the last month, and the last three given Kleinwort's 1987-88 profits estimate that profits will rise from £23m to £24½m before tax, this may remind punters that a cheap stock and a growth stock are not always the same thing. Stock market prospects this month, furthermore, may be affected by the imminent government paper on deregulation of the industry.

The big corporate name of the week is Hawker Siddeley which, this time a year ago, produced flat first half profits after a decline in 1988. Underlying improvement in the group results was being masked at that time by currency fluctuations, mainly the decline of the US, Canadian and Australian dollars against sterling after a goddish second half which helped profits for the year up

from £152m to £163.2m for the year, the company said it could have got £200m more of sales from a static exchange rate. Next Wednesday, Sir Peter Baxendale, chairman of Hawker, should be able to report a rise from £3.1m to £3.5m in pre-tax profits for the first half of 1988, according to analyst Keith Hodgkinson in the fortnightly equity review from Shearson Lehman Hutton. Hodgkinson goes on to forecast £10m for the year.

The stock has performed very strongly in relation to the market over the past six months, the currency situation improved and there was some appreciation of its move towards the lighter end of the electrical industry. However, there is also some concern at Shearson about the group's exposure to the North American housebuilding cycle. The brokers have given the stock a coded re-rating which suggests



Sir Peter Baxendale, chairman of Hawker Siddeley

that they would not want you to buy it in a tearing hurry. Interims are due on the same day from the defence contractor, Hunting Associated, which is followed by the same analyst. Hunting Associated had the same marvellous last year with a 33 per cent rise in profits. For the first half of this year, the Shearson forecast is a rise in profits from £7.1m to £8.2m, on the way to a £20.5m (£18.1m) total.

William Cochrane

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table with columns: Cleared rate %, Compounded return for deposits at 25%, 40%, Frequency of payment, Tax (see notes), Amount invested £, Withdrawal (days). Rows include CLEARING BANK, BUILDING SOCIETY, NATIONAL SAVINGS, MONEY MARKET ACCOUNT, and UK GOVERNMENT STOCKS.

\*Lloyds Bank. †Hull & 90-day. Immediate access for balances over £5,000. ‡Special facility for extra £5,000. ††Source: Phillips and Drew. †††Assumes 5.0 per cent inflation rate. †††† Paid after deduction of composite rate tax. ††††† Paid gross. †††††† Tax free. ††††††† Dividends paid after deduction of basic rate tax.

An off-screen role

IF THE Stock Exchange publicity of two years ago is to be believed, small investors in shares are going to have to start worrying once again about whether their stockbrokers are always finding them the best prices.

The intensifying price war since late August between the Stock Exchange's market-makers has led to fears that it will undermine the screen-based system for quoting share prices that was launched in 1986. Some of the leading market-making firms, led by Phillips and Drew and Barclays de Zoete Wedd, have started showing on the screens substantially less favourable deals than those they are actually prepared to transact with clients and brokers who contact them over the telephone.

One of the main attractions of the new screen-based system has been that it affords a much higher level of protection to investors. In the pre-Big Bang days, it was difficult for an investor to know whether his stockbroker was buying or selling shares at the best possible prices. The price on the contract note often seemed to be several pence worse than

might have been expected from the mid-price quotation in the newspapers the next day. But the broker would always explain that the price had fluctuated during the course of the day and it was difficult to prove otherwise.

The introduction of the Stock Exchange Automated Quotations System (Seaq) in October 1986, however, led to

the smaller investor afforded by Seaq is now being undermined?

So far, the Stock Exchange believes that no such threat exists. Phillips and Drew and BZW have been quoting much narrower spreads between buying and selling prices for alpha and some beta stocks but in the minimum size of 5,000 shares for alphas and 1,000 for betas. This means that if a private investor places an order to buy, say, 2,000 beta shares, he cannot be guaranteed the minimum price, if the Seaq quotations are only for 1,000 shares.

A less than energetic or assiduous broker may end up charging the client several pence per share more because he has not tried to negotiate a better deal around the market. He may even have bid the deal through his own in-house market-makers at the less favourable price they were quoting.

If the trend goes further, and market-makers systematically offer finer prices to favoured customers than those that they are quoting on the screen, the difficulties in applying the best execution rule will be compounded. Already, some larger institutional investors frequently deal with market-makers with whom they have a close relationship at prices which are inside the officially quoted spreads appearing on Seaq.

The Stock Exchange points out that it constantly monitors the electronically recorded list of all transactions through the exchanges with prices and volumes. Questions follow if any deals, even small ones for private investors, appear as having been transacted at prices less favourable than Seaq ones.

It also says that it may have to change its rules for Seaq and for its forthcoming automated dealing system, if the trend towards deals at off-screen prices and volumes continues.

For the time being, the main concern of small investors is not so much with the prices they are being quoted for the actively traded alpha and beta stocks, for which spreads have narrowed substantially, but with the smaller company, beta, gamma and delta stocks. Spreads in these widened substantially after last year's stock market crash and have narrowed only slightly since.

Today transactions in such stocks are more costly than they were in the bad old pre-Big Bang days of the Stock Exchange cartel and restricted competition.

Clive Wolman focusses on a worry for small investors

an improvement. For all the 600 or so most actively traded "alpha" and "beta" stocks, it has become possible to look at a Stock Exchange Topic screen to determine the best buying and selling prices at any time and the sizes of the deals which can be transacted at those prices. This has made it much easier for a broker to find the best price and anyone who failed to do so would not be complying with "best execution" rule which is now enshrined by The Securities Association as part of the new investor protection regime. This protection is particularly important for brokers who put the deals through their own in-house market-makers.

Most small investors do not have access to a Topic screen, although a variety of specialist telephone services have sprung up to supply them with that information. But the key point is that if a client complains about a stockbroker, the matter can easily be checked against the prices on the screen - and that possibility has helped to end the lax practices of some brokers under the old regime.

In addition, the best prices as they appear on Seaq are being used as the basis for the new automated trading systems that are now developing. These allow brokers acting for small investors to transact an order merely by pressing a few buttons which ensures that the shares are automatically bought from, or sold to, a market-making firm at the best price. BZW and Kleinwort Grieveson have already introduced such a service and the Stock Exchange is to introduce a more ambitious version next month.

But have the moves in recent weeks towards more favourable "off-screen" deals meant that the protection for

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ROLINCO

For the period January 1st to June 30th 1988, Rolinco's increase in value was 14.1%. In the third quarter, 1st July to 30th September, Rolinco's value increased by 0.6%. Over the past 5 and 10 years annual returns have averaged 14.7% and 17.2% respectively. Rolinco's total net assets at the end of September were £1.5 billion.

RORENTO

In spite of generally rising interest rates, Rorento recorded an increase in value of 0.9% during the first half of 1988. In the third quarter this year, 1st July to 30th September, Rorento has achieved an increase in value of 0.1%. Taken over the past 5 years, Rorento's annual returns have averaged 13.1% and over 10 years 11.7%. Total net assets at the end of September were £1.6 billion.

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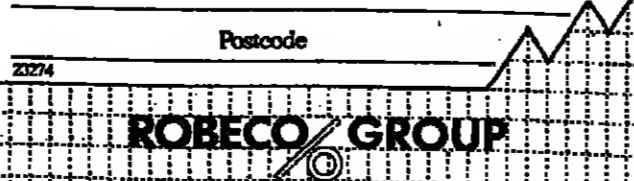
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TSB trusts trap

TSB UNIT Trusts is caught in a difficult trap. It is seeking approval from unit-holders for a hefty increase in management charges at a time when unit trusts are still unpopular after the losses suffered in last year's stock market crash.

What is more TSB will have to rely on the votes of less than 15 per cent of its total unit-holders to approve a rise in charges to the top end of the range.

The group has given formal notice of a special meeting of unit-holders to be called at its Andover headquarters on October 28 to approve the increase in charges. It is proposed to put up the initial charge on the 12 group trusts from 6 per cent, with the exception of the Gilk & Fixed Interest fund that would go up from 4 to 5 per cent.

At the same time the annual management fee will be increased on eight funds from 1 to 1.5 per cent and to 1.25 on the four other funds - General Income, Extra Income and Gilk & Fixed Interest.

Richard Stocks, of TSB, said that the majority of the unit-holders in the group's funds (some 85 per cent) would be ineligible to vote because their investments were made via a life policy and the life company was not allowed to

vote on the issue since it was part of the group. That meant that only 150,000 or so would be eligible to attend the meeting or send in proxy votes.

He said the higher charges would not boost profits, they would merely help cover the increased costs incurred by the group as a result of the Financial Services Act and the ban on rounding charges and "box management" which had reduced their margins by around 2 per cent altogether.

The increase was in line with the higher charges already introduced by TSB's main competitors in unit trusts. He said there had been no difficulty in the past persuading unit-holders to accept higher charges, since their section of the market was not particularly price sensitive.

The bulk of unit trusts groups sold through independent intermediaries and have average front load charges of between 5 and 6.25 per cent and annual fees of 1 to 1.25 per cent.

TSB Unit Trusts are among the top 10 management groups, with over £1.4bn under management. They have a reputation for steady, consistent performance rather than being high flyers.

John Edwards

RESULTS DUE

Table with columns: Company, Announcement date, Dividend per share (p), Dividend yield (%). Rows include FUSAL INVESTMENTS, Allied London Properties, Glynwed Investment Trust, etc.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Table with columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid, Bidder. Rows include AMB Research, ABB, etc.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit (£000), Earnings per share (p), Dividends per share (p). Rows include Alfa, AMI Healthcare, etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year, Pre-tax profit (£000), Earnings per share (p), Interim dividend per share (p). Rows include Alexander Workwear, Aircel, etc.

RIGHTS ISSUES

Guinness Breweries is to raise £27.5m via a one-for-six rights issue at 50p. Batters is to raise £20m via a one-for-four rights issue at 70p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Colwell is to raise £25m via a placing of cumulative redeemable preference shares. Mullin Group is to join the main market via a placing of 22.5m at 250p. Glynwed is to raise £25m via an issue of convertible preference shares. BVA is to raise £20m via a placing of 5m shares at 750p. Sunlight & Vire is to join the USSE via a placing of 570,000 at 60p.

FINANCE & THE FAMILY

FT Readers' Race

A major success

CHOOSING A balanced portfolio is the way to achieve the best overall return. That is the secret of success used by Major Ambrose in winning the third leg of the FT Readers' Race, run in conjunction with the Great Investment Race.

English state of the stock market this year, 26 of the 100 companies listed actually lost money for investors during the nine months to end September, and several others gave only very meagre returns. Worst of all was Next, where the £11,000 original investment was worth £7,074 on October 1.



THE GREAT INVESTMENT RACE

Table titled 'TOP TEN SHARES' showing the value of £11,000 stake on Sept. 30 for various companies like Rowntree, Amstrad, B.P. (British), etc.

By winning the third stage, Maj Ambrose is obviously in a good position for the last stage of the race, which ends on December 9 with a prize of £5,000 worth of unit trusts, donated by Prudential Holborn, sponsors of the race.

John Edwards

Anthony Moreton on Bristol's broking resurgence

The new Venturers

Laws merged with seven other firms around the country to become part of Allied Provincial Securities.



Provincial brokers

Others in Bristol are sceptical about whether there is really a role for a market-maker outside London and it is felt that most of Stock Beech's book consists of small concerns in which not a lot of activity takes place.

small investors who enter the Bristol and West's concourse every day and by greater numbers hurrying along Broad Quay to the revitalised docks.

Sharecentre offers an immediate advice note confirming the transaction, a contract note within 24 hours, a special card for regular investors so that they may deal by phone and a hotline for queries and problems.

well as traded options and unit trusts.

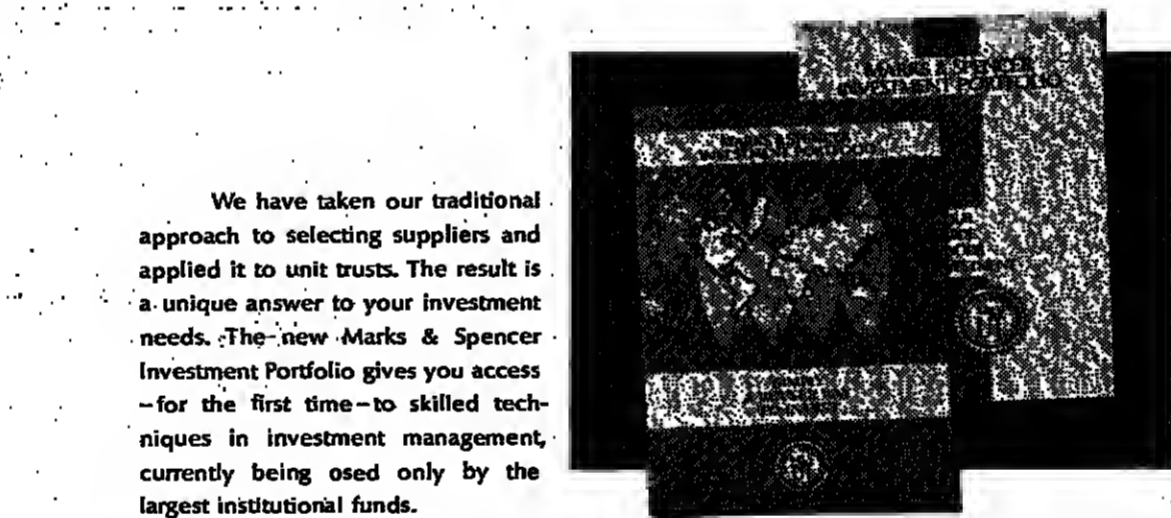
Robert White, an Edinburgh-based broker in the Hill Street group, last summer bought a small Cheltenham firm from Gerrard Vivian Gray, as part of a programme to acquire a presence outside London.

Crash provides gloomy reading

FOR ANYONE seeking to understand the vagaries of cumulative performance figures for unit trusts, the last few months and the months to come will offer some interesting reading.

relied upon to produce dramatic examples of big-dipper changes in fortune. Over one year to October 1 1987, this trust was showing a gain of 183 per cent.

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FINANCE & THE FAMILY

Q&A  
BRIEF CASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

You may wish to raise the matter with the accountant's professional body, but if no assistance is forthcoming from that quarter you would have to proceed as you have suggested. Recovering the fees already paid may be difficult to achieve, but it is not impossible if you can claim that there was an entire contract which has not been carried out. Alternatively, if part of the work done for the £30,000 is of any use, you may need to offer payment on a quantum meruit basis and seek only to recover the balance. You should ask your solicitor how to proceed now.

Loan to sister

My sister has the opportunity to buy her council flat at a favourable price but she has no little money for outright purchase and would be unable to afford mortgage repayments. I might be in a position to lend her the money, but the only way she could repay me would be by apportioning part of the ownership of the flat to me. I would regard this as a long-term investment for the benefit of my children. Is it possible to draw up some form of legal agreement covering this situation that does not breach the local authority requirement for three years' ownership before sale? There would be likely to be a breach of the restrictions on sale if you were to take a beneficial interest. It would be better to make a formal loan to your sister, with an option to take an interest in the property if the loan is not repaid with interest at the end of five years.

A contest of wills

My uncle is 86 and is not in good health. His wife died in March and it has come to light that during a period of separation in 1983 that she had made a will leaving the residue of her estate to a niece.

Unfortunately, when my uncle retired and bought a bungalow he signed the bungalow over to his wife at the time of purchase to show good faith, on their getting together again. After much letter writing and changing of mind, from first saying that she didn't want to leave his property to saying that he could live in it for the rest of his life, the niece is now stating that if my uncle wishes to remain in the house he should pay the current market price at the time of his wife's death.

This is naturally affecting my peace of mind. He is now destitute and I have to re-purchase his home again, especially in view of the fact that he gave this niece the money for a deposit on her own home some time ago. Is there anything I can do?

A 'father' who isn't

A MAN described as the "father" of a child on its birth certificate is divorced from the mother. She marries another man and asks that the first husband allows the child's surname to be changed to that of the second. In fact, it has been established that the first husband is not the child's father; a blood grouping report to this effect has been accepted as evidence in a prior maintenance claim. Could his signature on a paper allowing the change of name be used to re-open the maintenance case?

Garden for sale

My dwelling house is jointly owned by my wife and myself. We have been approached by developers who wish to purchase just over half of our quarter acre garden.

If we sell part of the garden will there be a liability for Capital Gains Tax and if so, how can it be computed as we have lived at the address for seventeen years? Would it make any difference to CGT liability if we either stayed on or moved at the same time albeit selling the majority of the garden to the developer and the remainder of the garden and the house to another purchaser.

As the solicitor who acts for you in the sale will explain, it is essential that the contract for the sale of the building plot is made whilst you are still occupying the house as your main (or only) residence, and that you continue to use the plot as an integral part of your garden until after the sale contract has been made. The plot must not be marked off from the rest of the garden in any way until after the sale contract. The relevant legislation is to be found in part V of the Capital Gains Tax Act 1979, as amended.

Chess

(now West German) grandmaster Luddek. Pachman was imprisoned in Prague because of his active support for the deposed Dubcek government. A sympathetic Belgian amateur offered to let him play post during the period when he was banned from over-the-board games. Pachman had never previously played correspondence chess and his opponent thought that the grandmaster, unaware of the dangers of clerical errors, had blundered at move 15 by setting up the position wrongly. So he courteously invited Pachman to retract his mistake. The GM, whose husband's sacrifice blunted the mobility of Black's pawn centre, politely declined and broke through to establish his knight on the sixth rank. As world champion Steinitz used to say: "When I get my knight to Q6 or K6 I can go to sleep and let the game win itself."

Sueing for negligence

Three years ago I decided to use a firm of chartered accountants for professional negligence (firm A). My solicitors recommended that I engage another firm of chartered accountants (firm B) to investigate my complaints and prepare a report.

After constant prodding and the payment of over £20,000 in fees, firm B produced the report earlier this year. It was incomplete. The partner who produced it then left the firm. I was then asked by firm B to complete a Letter of Engagement which should have been done previously. Because of my experience and costs to date I included certain stipulations in the Letter of Engagement. The firm refused to accept my stipulations which in the view of my solicitor were not unreasonable and they resigned. I then asked them to let me have a detailed statement justifying and substantiating the fees already charged. They said they were unable to do so as their records were incomplete.

Can you tell me please, what practical remedy I have against firm B. I believe in the circumstances, as the report is incomplete and the partner who prepared it is not willing to substantiate it in court, and the firm cannot justify its charges, that I should sue them for the return of the fees already paid, and then start all over again with yet another firm of accountants to prepare the report and to substantiate it in court. Or is there an alternative.

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MIM Britannia International Limited is part of Britannia Arrow Holdings PLC, one of Britain's largest independent investment management groups, with over 25,000 shareholders. The group has companies in London, Paris, Jersey, Isle of Man, Gibraltar, Boston, Denver and Atlanta and offices in New York, Cayman Islands, Tokyo, Hong Kong and Monaco. Investment in unit trusts should be considered for a minimum of two years and preferably longer. Contact MIM Britannia International now, to find out about our long term recommendations for income, income and growth or capital growth. There is no obligation and all enquiries will be handled in the strictest confidence. Investors should note that the price of shares and the income from them can go down as well as up. This advertisement has been approved by MIM Britannia Unit Trust Managers Limited a member of LAUTRO.

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London  
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**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

Fimbra puts its house in order

FIMBRA (Financial Intermediaries, Managers and Brokers Regulatory Association), the self-regulatory organisation responsible for regulating independent financial advisers, intermediaries and smaller fund managers, has followed the time-honoured route for anyone in financial trouble by calling in a firm of management consultants (Touche Ross) to carry out a study of its own problems and recommend ways of funding its operations.

There are three root causes of Fimbra's financial problems, which are so serious that the companies are putting up £2m to bail out the Association.

First, Fimbra, which is headed by chairman Lord Elton, has the difficult task of authorising those investment businesses that do not fit easily into the other self-regulatory organisations (SROs). This means that personal financial advisers dealing in life assurance and unit trusts and not handling clients' money are regulated by the same body as the "boutique" investment manager who offers a fully discretionary investment service in anything from broker bonds to unknown, unquoted overseas stocks. The members of Fimbra are far from a homogeneous group, while the number of firms involved are greater than in all the other SROs added together.

This involves far more administration and checking on smaller companies than the other SROs. Many of the companies concerned did not want to be authorised in the first place, but since they have to be authorised to stay in business, they are demanding a high level of service. Second, if Fimbra sets its fees too high, many of its members, as personal financial advisers, can vote with their feet and switch from being independent to becoming a representative of one life company. Members of other SROs do not have this alternative. Third, the present funding arrangements of a fixed fee per



Lord Elton, the chairman of Fimbra

member firm, with firms operating on a commission basis, do not enable them to pass on the costs directly to their clients. In other SROs, firms charging on turnover or management fees can do this.

So the problems facing Touche Ross are essentially to substantially increase Fimbra's fee income without this resulting in a mass exodus of the independent intermediary - a move that would have severe repercussions for life assurance and unit trust marketing. It is highly likely that Touche Ross will consider some form of charging on the products sold by Fimbra members.

Touche Ross will be talking to the main trade associations representing various groups of Fimbra members. It will also be sending questionnaires to a sample of Fimbra members. However, this does not mean that any Fimbra member cannot make his views known to the study group. Indeed, John Harrison of Touche Ross wants to hear from as many members as possible, as soon as possible. The timetable is tight, with a report scheduled to be completed by early next year for implementation from April 1990.

The address is John Harrison, Touche Ross Management Consultants, Hill House, 1, Little New Street, London EC4A 3TR.

Chess

MOST CHESS primers assign a numerical value to each piece as a guide for beginners. Counting the pawn as a single unit, the equivalents are three for a knight, three and a half for a bishop, five for a rook, and nine for the queen. The king's value is volatile, ranging from almost zero in the opening and middle game to around four in the endgame when there is little risk of a checkmate. Some amateurs commit these numbers to memory and treat them as sacred writ every time they go to a club match or weekend tournament. We all know pedestrian woodshuffers who will scarcely advance out of their own half of the board for fear of losing a pawn. At a higher level, experts practice standard attacking sacrifices and may also give up material for compensations

Chess

such as a prolonged initiative or pressure against weak pawns. In judging the right moment for such bold concepts, masters and grandmasters outshine amateurs at the chessboard game. The Soviets in the 1940s and 1950s were the first to realise the strength of long-term sacrifices of rook for bishop or knight (exchange sacrifices). The opponent would be baffled until the Soviet player acquired a powerful mobile pawn avalanche or a knight on a key outpost. Nowadays the ideas behind exchange sacrifices are well-known, but an incident during this week's game shows that the technique can still surprise club players. In the early 1970s the Czech

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Bridge

MY FIRST hand today comes from rubber bridge. It has interesting points of bidding and declarer play.

Another rubber produced this:

W: 853, 875, KQJ82  
E: K1096, 94, A98, 1096

S: 74, KQJ10632  
N: 53

W: A9873, A965, Q5, A103  
E: A4, 107643, 107643, 107643

S: 106652, K173, A64

At game all South dealt and opened with one spade. West doubled and North said two no trumps. Without the double North would have replied with three spades, but after the double this is pre-emptive, so North says two no trumps - a conventional bid, which shows a strong raise to three spades and leaves the final decision to his partner. With a minimum South bids three spades, with a better hand he bids four. South felt good enough to bid four.

West led the knave of diamonds. Winning in hand, South at once led a spade. West won and switched to the club king, taken in dummy. A spade return was won by East who led a club for West to make a third defensive trick with no means of avoiding a heart loser. South went down.

Good technique lands the game. At trick two South ducks a club to West's queen. West plays his diamond king, ruffed in hand, the ace of clubs is cashed and a club is ruffed. Now a spade is led to the king. The declarer wins the heart return with his knave and continues with the king. If East ruffs, he is employed, if he discards, he is thrown in with a spade and forced to concede a ruff discard.

**Chess**

White: L. Pachman, Black: G. Mattheussen.

Blumenfeld Gambit (postal game 1970-1).

1. P-Q4 N-KB3; 2. P-QB4, P-K3; 3. N-KB3, P-B4; 4. P-Q5, P-Q4; 5. P-KP, B-P4; 6. P-P4, P-Q4; 7. B-B4.

Accepting Black's gambit is considered risky, but White deviates from the book 7 P-K3 and eliminates an attacking piece.

7... B-Q3; 8. BxR, QxR; 9. QN-Q2.

But here 9 P-K3 is best, reserving the option of QB3 for

**Leonard Barden**

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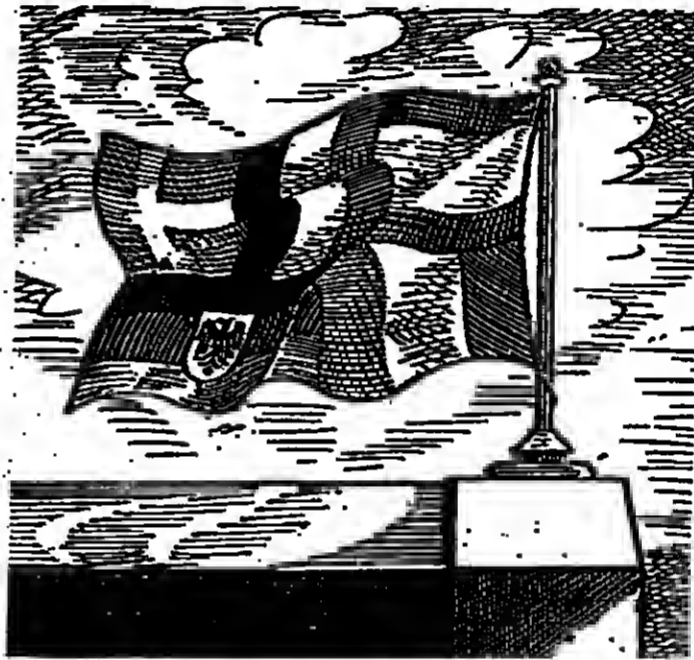
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# 1992

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- ❑ Take a look at some of the comments from our investment managers.
- ❑ "Already economic growth this year is turning out way ahead of earlier expectations, and we'd expect it to continue. Unlike the UK, European growth is sound, being capital-investment and export-led with minimal upward wage pressure." (Your average Frenchman or German is looking at a 3 to 4% increase in pay this year compared with almost 9% for Britain's Joe Public.)
- ❑ Or consider this one.
- ❑ Financial analysts are revising European corporate earnings estimates upwards for this and next year. Profits are benefiting from buoyant economic activity, firm control of costs, and a stronger US dollar - up 19% against the Deutschmark since January.
- ❑ And the latest German Bundesbank reports confirm that Foreign & Colonial aren't the only ones looking again at the European markets. Having wholeheartedly sold German shares for almost a year, their figures show that foreign investors have now started buying again.
- ❑ You see what we mean about getting in now? And there is something else to bear in mind.
- ❑ 1992 is still to come.
- ❑ The removal of all trade barriers is bound to have its effect. All those quaint foreign Customs formalities that currently cost European companies an estimated £5 billion a year in duties will go. And you needn't take our word about the stimulus to economic growth. The European Commission's estimates of an extra 4.5% growth in GNP make pretty convincing reading.
- ❑ There's the deregulation of transport, financial service, food and drink industries to take into consideration.



- ❑ Not to mention the takeover and merger activity as predators eye up European companies with strong cash flow and undervalued assets. Rich pickings for someone. Including you perhaps.
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Foreign & Colonial  
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**Pricing Basis:** Units will be purchased or redeemed at a forward price, i.e. at the price calculated after the valuation which commences next following receipt of your completed application. For deals placed over a weekend units will be allocated or redeemed at the price determined after the valuation commencing at 12 noon on the next business day. Prices are published daily in the Financial Times, The Times and Daily Telegraph.

**Dealing:** The Trust is valued at 12 noon on each business day. Bid and offer prices of units are determined by 2 pm the same day. Requests to purchase or redeem units may be made by post or by telephone on any business day during normal business hours. Applications will not be acknowledged but a contract note will normally be issued on the business day following the day on which the purchase price is determined and certificates normally sent within 21 days of payment being received by the Managers. Minimum initial investment is £500 but any number of units can be added at any time.

Units may be sold back to the Managers by telephone or in writing. A cheque for repurchase proceeds will normally be issued within four working days of receipt by the Managers of the unit certificate, with the reverse side completed and signed.

The most recent offer (buying) and bid (selling) prices of units and gross estimated annual yield are published daily in the Financial Times, The Times and Daily Telegraph.

On 15th October 1988 the offer price of units was 68.41p. The estimated gross annual yield was 2.13 per cent. The maximum permitted difference on that day between offer and bid price was 6.5 per cent, although the quoted difference was 6.4 per cent.

**Charges:** An initial charge of 5 per cent is included in the offer price and an annual charge of 1 per cent plus VAT of the value of the Fund is deducted each month in arrears. The Managers have discretion to increase the initial charge to a maximum of 6 per cent.

**Tax on capital gains:** The Trust is not liable to capital gains tax on any gains made in buying and selling investments. On a disposal of units investors may be subject to capital gains tax. The capital gains tax exemption for 1988/89 is £5000.

**Manager:** Foreign & Colonial Unit Management Limited.  
Registered Office: 1 Laurence Pountney Hill, London EC4R 0BA.  
Registered Company No: 1092963.  
Member of IMRO, LAUTRO and the Unit Trust Association.

**General:** F & C European Income Fund is an authorised securities scheme under the Financial Services Act 1986 and a "wider-range" investment under the Trustee Investments Act 1961. The Trustee is Midland Bank Plc (member of IMRO). Cancellation rights do not apply to investments made in response to this advertisement.

Copies of the Scheme Particulars to this Trust and of the annual and half-yearly reports are available on request.

To: Foreign & Colonial Unit Management Ltd,  
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Tick box for more information about F&C European Income Fund.

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I/We declare that I/We am/are over 18.

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# Back to school

David Thomas, Education Correspondent introduces a Saturday report with special thought for first time buyers



**T**HE HEADS of the leading public schools who gathered in Swansea last month for the annual meeting of the Headmasters' Conference could be excused for feeling pleased with themselves. "These are good times for independent schools," as David Smith, headmaster of Bradford Grammar School and their chairman, told them.

True, many have had to raise their fees by significantly more than the inflation rate in recent years, but there is little sign of consumer resistance; nor, with many upper income earners enjoying both sharp pay increases and a much lighter tax burden, is there likely to be in the immediate future.

On the contrary, the independent sector has hosted its share of a falling school population from under 6 per cent at the start of the 1980s to over 7 per cent. At the start of this year, 2,459 independent schools were catering for 575,020 pupils, 2.1 per cent up on the previous year.

There is evidence that the independent sector is successfully adapting to the new pressures emerging in the 1980s. This is partly a question of

extending its customer base. More than a third of parents with children at private schools are first time buyers - neither parent was educated at an independent school - according to a survey carried out this year for the Independent Schools Information Service (ISIS), the private schools' marketing arm.

The Government's Assisted Places Scheme must go some way to explaining this finding. Intended for parents of academically able children who would otherwise not be able to afford private schooling, it helped 26,900 children last year at a cost to the Government of £36m.

But the first time buyer is more a reflection of social mobility than of any radical widening in the social base of parents sending their children to private school. The occupations of parents with children being educated privately remains overwhelmingly skewed towards the upper middle classes. The same survey found company directors, engineers, financial executives and doctors to be the most common jobs of fathers with children at private schools.

The private schools are

showing their adaptability in other ways, including to the changing lifestyles of high earners. One trend is for a growth in day attendance (up 2 per cent last year) and weekly boarding (also up 2 per cent), though from a very low base to offset a decline in full boarding (down 2 per cent).

This is at present much more significant for prep than public schools. Indeed, a related development is the particular buoyancy of demand for private kindergarten and pre-prep schooling. Yet the public schools are not entirely untouched: at Sevenoaks, where the boarders form only about 35 per cent of the school, Casey McCann, acting headmaster, has detected more parents wanting to keep their children away for a full term to a school beyond easy reach at the weekend.

Whether this speculation is correct or not, there is no doubt that the private sector is adapting in other ways. Take, for instance, the range of subjects taught.

While the independent sector may remain the last bastion of the classics, the days when pupils, particularly bright pupils, could leave public school barely having entered a lab are long gone. With resources beyond the dreams of most state schools, many

private schools regard their well-equipped labs and their banks of computers as a key selling point.

Cheltenham College, for example, is proud that it has been chosen by Apple as a learning centre with an information technology unit equipped with Apple computers. The college has its own electronics trading company which has invented a radio panic button for the elderly and a fire alarm for the deaf. Both inventions are now being marketed by commercial companies.

The independent sector runs

an annual conference on its craft, design and technology activities, which attracted 300 people this year to Stonyhurst. Increased stress is also being placed on other non-traditional, career-oriented studies.

The Department of Economics and Business Studies at Mill Hill School in London, for instance, boasts four MBAs on its staff. Sixth formers have to tackle a real business problem, usually on attachment to a company. One pupil has worked on information retrieval and cash flow in the European Space Agency, in

Rome, while another worked on a marketing plan for a university college.

Equally significant, if by now well-documented, is the trend towards co-education. Schools such as Marlborough, which pioneered the intake of girls into the sixth form 20 years ago, are now completing the process by going fully co-educational.

Marlborough will take girls throughout the age range from next year. It intends to change gradually the balance of its pupils, now standing at 800 boys and 100 girls, to 600 boys and 800 girls by 1993. David Cope, Marlborough's headmaster, expects many other large public schools will follow suit. He recalls that when girls entered Marlborough's sixth in the 1960s, many thought it a very bold experiment, yet within a few years it was being widely emulated.

Girls' private schools are on the receiving end of the boys' schools rush towards co-education. Observers believe that some smaller and less prestigious girls' schools may not withstand the pressure. However, many girls' schools are reacting strongly by, for instance, developing facilities such as science labs where the boys sector has in the past been seen as stronger.

But these competitive pressures within the private sector may be less important in the medium term than the possibility of sharper competition between the private and state sectors. Angela Rumbold, the Education Minister, went out

masters' Conference that the Government's education reforms in the state sector would increasingly put the private system on its mettle.

One strand of these reforms is to create non-fee paying independent schools within the state sector: City Technology Colleges and schools opting out of local authority control, many of which are likely to emulate the values and goals of the private schools. But Christopher Turner, headmaster of Stowe, believes the real competition will come if a rise in standards occurs across-the-board in the state sector, now that it seems set for a period of industrial peace.

There is, after all, no mystery about why parents pay considerable sums to send their children to private school. Survey after survey has shown that parents rate private schools highly for values such as discipline and academic achievement. While the state sector was apparently in crisis, particularly during the periods of industrial disruption in the mid-1980s, it was scarcely surprising that parents went private in increasing numbers.

Independent schools may need to try harder than ever if the state sector is in for, in the phrase of Bradford Grammar School's Mr Smith, a period of good times. There are already signs that the independents are thinking about marketing as never before: witness the first national schools exhibition mounted by ISIS, to be held in London at the end of next month, at which about 200 schools will canvass parents

**O**NE OF the main imperatives for parents contemplating sending their children to private schools and for those schools themselves is whether fees will continue their relentless rise during the next few years.

Last year in particular saw unusually sharp increases, with average rises across the whole independent sector of about 11 per cent. The increases ranged from an average of 10.5 per cent for secondary boarding schools to 17.1 per cent for secondary day schools, according to Macintyre Hudson, chartered accountants with long experience of watching the finances of the independent schools.

Most parents still do not plan ahead for how they will meet school fees. Moreover, many grossly underestimate

# They still seem to want to spend and spend

what it would cost to put their children through private schooling. Around 40 per cent of parents recently interviewed by NOP opinion pollsters for Invest for School Fees, a specialist firm, reckoned a child's private education from ages 11 to 18 would leave them £30,000 the poorer. Only one in ten plumped for the right figure of about £70,000.

The actual cost, of course, would vary greatly from school to school. The independent Schools Information Service (ISIS), the marketing arm of the private sector, says annual fees in January ranged from £1,500 to £5,250 for day-boys at boys' public schools

and from £3,300 to £7,050 for boarders. Comparable figures for senior girls schools were £1,500-£4,050 (day) and £3,300-£5,300 (boarding).

Yet there is little sign of consumer resistance to paying these considerable sums. On the contrary, the independent sector has been increasing its share of a market which is falling thanks to demographic trends.

One evident reason is the recent economic fortunes of the typical family sending their children to private school. A recent ISIS survey showed that 40 per cent of parents with children being educated privately have annual incomes of more than £30,000.

It is precisely these higher income earners who have been enjoying both sharp pay rises and large tax cuts. The upshot is that a third of parents spend less than 10 per cent of their income on school fees, according to the ISIS survey.

The Government too has been helping more parents with lower incomes to put their children through private school. The 226 schools participating in the Assisted Places Scheme, launched at the start of the decade for parents of academically gifted children, helped 28,900 children last year. With another 60 schools looking to join the scheme, the Government is well on its way to reach its target of helping

35,000 children a year by the mid-1990s.

The Department of Education and Science offers full information on the assisted places scheme. The broad pattern is that children from 11 onwards are eligible for help. A child who has been to a prep school can apply, but public schools must offer a majority of places to children coming from state schools.

Assistance with tuition fees is on a sliding scale related to family income, which is defined as the pre-tax annual income of both parents less certain allowances. In the current year, the sliding scale goes from a family income of £7,250, at which level parents

need contribute only £15 a year to the education of one child, to a family income of £17,000, when parents must contribute £2,367.

A change made in this year's budget does not seem to be causing the problems many people anticipated. Nigel Lawson, the Chancellor, announced that non-charitable deeds of covenant were to be taken out of the tax system, ending tax relief on such covenants.

Some observers thought this might prove a considerable blow for the private schools, because it had been common practice for relatives such as grandparents to contribute to children's education through a

covenant. However, schools do not appear to be detecting any problems, largely because the upper income tax cuts in the budget more than offset the ending of the covenanting relief.

Even so, there are worries among the schools about whether consumer resistance to school fee increases will emerge. "There will come a moment when it does, but it's not yet. We're all anxious as to when this will come," is the particularly forthright view of Christopher Turner, headmaster of Stowe.

There are diverse pressures on the schools to increase their fees. Many have been engaged in expensive building

and improvement programmes, partly to expand capacity, but also to modernise science and other costly facilities. Last year, the sector as a whole spent £78.2m on new buildings and £61.1m on improvements to buildings and equipment.

But teachers pay is overwhelmingly the most important factor in their costs. Although not compelled to do so, most private schools in fact pass on the annual pay rises agreed for teachers in the state simply to maintain the traditional differentials between private and state teachers. The sharp increases in private fees in recent years are a direct reflection of the large pay settlements which the Government had to make to end the strikes in state schools.

David Thomas

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WEEKEND FT REPORT - INDEPENDENT EDUCATION

# Places where they sing

Many parents look for schools catering for special talents. We look at music from cathedral choir to concert hall

**L**ARKING IN the school corridor after Evening Song, directed by their classmate and surplice, the choir boys of Canterbury Cathedral seem reassuringly normal; hearing out not so much the angelic promise of their soaring tenors, but Plato's observation in the Theaetetus: "Of all the animals, the boy is the most unmanageable."

There are 37 schools in the UK affiliated to the Choir Schools Association, all but two of them in the independent sector. Admission for choristers is by voice trial, at which the child's musical potential is assessed, along with his academic suitability. Some are preparatory schools only, but the majority take children up to 18, and are open to non-choristers, with a mixture of boarders and day pupils.

The life of the chorister is demanding and exotic. Besides services and twice-daily choir practices, there are concerts, recording sessions and foreign

tours. The boys have a high profile; they are rigorously trained, professional performers, requiring a degree of discipline and self-assurance which would daunt many beyond their years.

Headmasters like Gilbert Hopley, of St Paul's Cathedral Choir School, are acutely aware of the pressures on children who are both schoolboys and professional musicians. Choristers probably have to complete their academic curriculum in less time than their peers. They must learn two instruments. A child who, at his voice trial, may be familiar with nothing more taxing than "The Snowman" must master a constantly-changing repertoire of more than 600 works, from Taverner to Messiaen. "I don't want it to be an entirely selective school full of neurotic high-flyers," says Mr Hopley, "but in a school like this there is neither the time or the space for remedial education."

Hopley attaches great importance to the creation of a bal-

anced, "ordinary" environment for these very young boys who see the panoply of national life before them daily. "We have to be careful not to steal their childhood," he says.

St Paul's is one of only two choir schools at present exclusive to choristers, and it will be opening its doors to non-choristers from September 1989. Hopley became head of St Paul's strongly committed to the expansion. The demand for what he calls "a Baker-plus" standard of education can be more readily met in a wider context, and there are social advantages to a less exclusive regime. Other choir schools which have made this transition have found it universally beneficial. "A choir school cannot get away with just a fine musical education. Pupils have to compete with their peers after their voices have broken, and the academic standard must be such that a boy leaving here will not be disadvantaged in his academic life or experience."

Musically gifted, bright, assured, it is no surprise that a disproportionate number of choristers win scholarships to independent schools. The statistics are impressive; of this year's leavers, 75 per cent are receiving assistance through scholarships, assisted places, bursaries or "pensions."

Ex-choristers tend also to do well at university and in their adult careers. Baritone Stephen Varcoe, pianist Roger Vignoles and English National Opera director Mark Elder are all part of the Canterbury Cathedral head boys network alongside high achievers in fields as diverse as marketing and medicine. They seem in no doubt about the benefits of their early training.



The Wells orchestra filming for a Christmas television programme

USA, agrees that the discipline and self-presentation learned at such an early stage have been invaluable.

"There is no doubt, either, about the fun they have, or the deep joy in music-making fostered by their education, in spite of its rigour. I wouldn't have missed it for anything. Christmas was magical,"

remembers Peter. There were parties, carols in the demery, sherry and mince pies at the Archbishop's Palace, all the pleasure and excitement of playing a starring role in a national pageant.

Choral conductor Michael Kibbleshaw remembers the festivals, Mayday, the daily processions to Magdalen Col-

lege chapel in mortar board and gown, while the tourist cameras whirred. "We never stopped playing to the gallery," he recalls. "And the musical experiences were absolutely wonderful. I look back with tremendous gratitude for that."

But in other areas his feelings are more equivocal. Like most choristers, he was a boarder. "Being sent away from home at the age of eight has a tremendous psychological impact. I was very homesick. There was a lot of bullying, and corporal punishment. That aspect was frightening."

The choir schools are also concerned to widen the catchment area of their intake, dominated by sons of the clergy,

musicians, teachers, and the two highest socio-economic groups. Parents can expect to pay an average termly fee of £389 for a day chorister, and £671 for a boarder; about 50 per cent of the non-chorister fees, but still prohibitive to a great many talented boys.

Energetic efforts are being made by many schools to increase financial assistance. In addition, the Choir Schools Association Bursary Trust has been established, with the aim of ensuring that choristerships are available to the widest possible range of applicants.

Marilyn Bentley

## Lunchtime down in Somerset

**T**HE CONCERT hall is pretty full, lots of youngsters in school gear, but a smattering of outsiders from around the town and even from lands far away who have heard that something rather special goes on here fairly regularly. It is lunchtime on Thursday and outside, after the rain, the sun shines reluctantly over mediaeval houses.

Thirteen-year-old Emma Green plays part of a Beethoven piano sonata to loud applause. Philippa Legge gives a touch of Enesco on the flute with a professional air that is well received. My host, John Baxter, tells me that Ms Legge at 15 has already won a place in the National Youth Orchestra. At the piano, Penny Stirling, a young woman with the august title of "strings coordinator" accompanies the two teenage solo cellists who also shine like the sun and not anything like so reluctantly.

John Baxter is headmaster of Wells Cathedral School set in one of the greenest and most historic parts of Somerset, where young musicians seem to grow as abundantly as cider apples. Baxter, a former Westminster master who has been at the school two years, is proud of his young musicians but hesitates to tell us that Wells is much more than a music school. "The Wells regime is co-ed, academically high-flying and with a good games record and has just 120 youngsters in the music school, about 70 of them

"highly gifted". Wells gives them the training and environment they need.

Wells is one of the four schools of specialist music that was mentioned in the Calouste Gulbenkian Report. It started its training scheme in 1970 when the school seems to have been in a slump, but in 1978 the scheme was extended to include all orchestral instruments and piano. Baxter tells us that Wells is rather special - pupils can switch from music to the other school subjects when and how they wish. The music scheme is the school's pride, but it is equally proud of its general education.

"The specialists practise at least three hours a day," says Baxter, but points out that the majority practise longer into the evenings. "Of course, practice time is reduced at GCSE level." And while the majority of the pupils are not specially musical, every part of the school seems full of music noises and you have to know something about the symbiotic tradition to understand some of the jokes on the school notice board.

I was conducted round the school by Baxter's head girl and head boy, Catherine Chittall and Jonathan Bolla, both 17 and equally specialist musicians. Catherine plays the piano, but wants to be a lawyer and has a deadpan humour that could serve her well in the Temple.

Jonathan said he plays the guitar and once wanted to be a journalist, but isn't quite

sure now. However, both, I imagine are Oxbridge-bound and it must be very nice to be in Wells in the meantime.

Over lunch, I met Philip Peabody, head of the junior school, whose regime includes the cathedral choristers.

Choristers leave the choir when their voices break. Then it is a course at the big school for GCSE. There have been Sixth Form choral awards for a place in the cathedral choir as a "male voice". They are also expected to learn an instrument.

Headmaster John Baxter is not himself a musician, except that he loves music and sings. ("It was the board's decision not to appoint a musician.") The music school is the regime of Timothy Goulter, Wells's director of music.

Goulter talks with pride about the advances made since the music school was started - "A time when it was felt that the UK was not producing good enough string players. But then we moved on to the other orchestral instruments."

The way from Wells for the young musicians leads to the London music colleges or to the famous Northern College in Manchester.

Wells, Baxter points out, is not a school for the children of the rich. Its total fees are £650 a year, but there are generous DES-assisted places and other funding and it is possible for all the fees to be covered.

Wells, of course, is not unique, in spite of its magnificent setting and obviously pleasant regime. But it does provide a guide for parents looking for a place for specially gifted children or with children who need something rather different from the three Rs. Music places are not easy to get there; the auditioning system is tough and conducted by experts from the real world. And these schools don't dictate musical tastes.

Goulter recalled a recent school coach journey to a production of Madam Butterfly by the Welsh National Opera. Out and back, the coach resounded to a rock tape.

For parents wanting more information about specialist music schools, the Isis guide to choosing independent schools is of help. It lists four that are included in the Aided Pupils Scheme as "centres of musical excellence" - Wells, of course, and Chetham's School of Music, Manchester; the Purcell School at Harrow in London and the Yehudi Menuhin School at Cobham, Surrey.

For information on choir schools, contact Mr. P. Hamming, Secretary of the Choir Schools Association and headmaster of Westminster Cathedral Choir School, Ambrosden Avenue, London SW1P 1QM (Tel 01-634-8267)

Alan Forrest

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WEEKEND FT REPORT - INDEPENDENT EDUCATION

Markets and fairs

CHOOSING A school is now more important than ever, as so many first-time buyers look to the independent sector.

The list of stands issued for the exhibition so far is quite impressive. It includes Marlborough, Alwyn's and Clifton College, Edinburgh Academy, Merchant Taylors and Halleybury, Tonbridge and the Girls' Public Day School Trust.

O-Level. Murrell welcomes the GCSE. "I have always believed that the O-Level was a bad exam because it did not address itself to what education is really about.

One of the best signposts to choosing an independent school is still the Isis guide which lists 140 boarding and day schools for boys and girls aged two to 19 in the UK and Eire.

Alan Forrest on a new way of selling education - by exhibition

Education consultants Gabbitas, Truman & Thring have organised similar events, but not this time, says John Murrell, its managing governor, because an Isis fair and a GTT fair might be too much of a good thing.

THE COST of private education continues to rise ahead of inflation. So how are parents to meet these bills? One growing source of funding is borrowing the fees on the value of the family home.

Mike Kay, of school fee specialists Clarendon Savile, of Ascot, reports a very buoyant market with 90 to 95 enquiries a month and loans, through National Westminster, ranging from £1.5m to £2m a month.

Most families, especially in the south east, have seen the value of their houses rise spectacularly. A loan scheme enables them to unlock the equity appreciation and meet the school fees bill.

The parent sets up a loan facility with the lender based on the value of the house and draws on this facility when the fee bills arrive each term. Interest is paid on the amount of loan outstanding and repayment is usually by means of a low cost endowment contract from a life company maturing over any period from 10 to 25 years, providing the maturity date is not later than the parent's 60th or 65th birthday.

Thus, the parent's house is being used primarily as collateral, the accumulated loans being repaid from the endowment contract.

Housing boom builds a school fees market

unlocking this equity is a high interest rate - 2 1/2 per cent over base rate - and payments continuing long after the child or children have finished their education.

These schemes looked financially efficient earlier this year with house prices rising steadily and interest rates falling. Now as interest rates are rising again, the plans are beginning to look expensive.

The National Westminster Bank will now accept repayment of the loan by means of a personal pension contract, with associated term assurance to provide death cover - even though the pension contract itself, unlike an endowment policy, cannot be assigned.

Mike Kay reports that more than 5 per cent of new contracts being arranged are repaying through a pension contract, invariably the borrower being self-employed.

The mortgage market is seeing the gradual introduction of lifetime mortgages. But to date, no school fee specialist seems to have designed a loan scheme with repayment being made some date in the future when the house is sold.

When inflation rates and taxation rates were both high, many families found themselves under increasing pressure to meet fees out of net family income.

When inflation rates and taxation rates were both high, many families found themselves under increasing pressure to meet fees out of net family income. Now with lower inflation and this year's radical income tax reforms, that pressure is much lower.

It is a significant number of families, the wife takes a job and/or the husband takes a second job solely to provide extra income to meet the rising

But for most families, savings is a means of easing the burden, not removing it entirely. Any savings plan must make adequate allowance for future inflation - not an easy choice.

In many families, financial help in meeting the school fees bill is provided by grandparents and other members of the family. The ending of tax relief on covenants dealt a blow to this means of help at a tax efficient basis.

The school fee specialists have designed useful methods of utilising capital. The Maidenhead-based School Fees Insurance has developed a variety of such schemes on very favourable returns.

School fee planning is a complex exercise. In general parents are well advised to consult a specialist who would tailor a scheme to meet the requirements of the individual family, rather than buy an off-the-peg plan advertised through the media.

Eric Short

MARLBOROUGH COLLEGE SCHOLARSHIPS AND EXHIBITIONS 1989. The College has about 900 boarders aged between 13 and 18, with about 420 boys and girls in the Sixth Form.

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Moira House School THE INGHAM SCHOLARSHIPS 1989. Moira House is a GSA independent boarding and day school for 360 girls, with 90 in the Sixth Form.

And so it goes on. Count the number of desks in the classroom you visit - classes vary from prep schools with about 15 pupils, senior independent schools with between 20 and 25 below sixth form to former direct grant and other grammar schools with classes of over 30.

But don't be over-impressed by splendid language labs, computer rooms, Olympic-size swimming pools or sports halls. Buildings and equipment are not as important as people.

There is lots more. But if you're a first time buyer, you should go to Novotel next month.



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July 1989

# Houses

& GARDENING

## An absence of rioting pensioners

John Brennan wonders if sheltered housing is really the answer to old people's needs

WHEN you have seen one sheltered home it is tempting to think that you have seen them all. As a general rule, they all do have higher standards of heat insulation and consequently lower running costs than the average home. More design time tends to have been spent upon ease of access to, and within, the flats or houses. Multi-storey retirement home developments normally have more and wider lifts than a standard scheme, and most, but by no means all, have been built away from the bustle of high speed main roads, within reasonable - and flat - walking distance from shops, with at least some thought about residents' access to public transport. As the House Builders Federation defines the species:

"Sheltered housing is purpose-built or converted exclusively for sale to elderly people with a package of estate management services which consists of grouped, self-contained accommodation, with an emergency alarm system, usually with communal facilities and normally with a resident warden." On the face of it, therefore, sheltered housing is as near a standard housing unit as any. And yet the extent of the common ground masks a quite spectacular difference

between individual schemes and between individual developers' homes, a difference reflected in the gap between a number of sheltered housing schemes that have been so poorly received that the developers have been forced to ask the planning authorities to waive the age restrictions on sales to get rid of them, and those developments that are sold out long before the final landscaping has been completed and the builders have cleared away their

equipment and moved onto the next project. If every sheltered scheme was pretty well the same as any other, then the basic arithmetic at this end of the housing market would be very different. The House Builders Federation estimates that a total of 33,000 sheltered homes will have been built by the end of 1988, 57 per cent of which will have been completed since 1984. However, the pace of completions does seem to be slowing down, with only

around 1,200 sheltered homes expected to be built this year. Set against this level of supply, the number of potential sheltered home buyers is rising far faster than the rate of increase in demand for housing as a whole. The progressive ageing of the population is of less relevance than the increased number of older people with an existing home to trade who can sell, and raise the cash to buy one of the sheltered homes being developed. Forty years ago only 20 per cent of

the over-50's were owner-occupiers. By 1970 that figure had risen to 48 per cent and it has since risen to 64 per cent, with 50 per cent of the over-65 year olds in their own homes. Looking at the number of households by age, there are already 7.5m homes where the head of the household is 60-plus. By 1990 there are expected to be 1.7m households in the 60-69 age range, 3.5m in the 65-69 range, and 5m over 75. By the end of the century the comparative

figures are 1.8m; 4.2m and 3.5m, a grand total of 9.3m, or 38 per cent of all British households, that consist of people above today's retirement age. With that year-end total of 33,000 sheltered homes thus far, any attempt to rehouse all the potential older homeowners would call for a sheltered home building programme of no less than 618,000 units every year to the end of the century, an impossible figure. In any other market this

overwhelming imbalance between supply and demand would have inspired producers (the housebuilders) to switch every available brick into sheltered housing, and it would have resulted in changing from sales campaigns to a system of strict rationing of completed properties. The fact that sheltered homes sales staff don't have to fight off the buyers, and that it is rare to come across scenes of rioting pensioners battling their way into all-night queues to put down deposits before the bulldozers have cleared the site, suggests that sheltered housing is far from being accepted as the complete answer to provision of accommodation for older homeowners.

THE seeming lack of interest in specialist retirement properties is a factor of the refusal of older homeowners to accept that age is undermining their ability to maintain their existing property. Every estate agent has a story to tell about a home sold too late by a couple who have worn themselves out trying to stay in a family home that is far too big for them. All too often that means a sale by the widow and a move to an unfamiliar area, closer to children's families but away from a long-established network of friends. Developers' efforts to change the pervasive image in Britain of sheltered housing as homes of the last resort, just a step away from hospital or grave, have been largely unsuccessful. No matter how many elderly distinguished "gents" carrying golf clubs or tennis racquets, or sports-car-borne racy ladies of a certain age they have drawn into their sales brochures, the developers have signally failed to get over the idea of sheltered homes as a way of extending housing independence into old age and as a way of relieving older owners of the tedious details of property management, so that they can make the most of their extra leisure time. Age restrictions of 55 are rarely tested. In most schemes the average buying age is at

least 10, sometimes 15, years older than that. And although the recent development of a number of mixed sheltered housing and residential care schemes does recognise the realities of providing housing for a concentration of people in their 60s, 70s and beyond, it undermines the more active impression created by sheltered housing schemes linked to active leisure facilities. No British builder has yet followed the example of one Florida developer who markets marina condominium units in a retirement community by majoring on the number of squash courts, and the high remarriage rate of residents. Apart from the continuing image problem, which has thus far stopped people thinking about a move from a family house to a sheltered housing scheme as naturally as they have about upgrading to accommodate a growing family, few developers have provided a particularly inspiring choice of properties. Gray Mossip of retirement homes specialists Beechcroft, believes that much of the problem for the slow-selling schemes stems from housebuilders designating sites for sheltered homes merely

because of the higher density available in these schemes. You can get more saleable sites to your expensive size acre with a sheltered housing scheme than with a normal residential development, so there are persuasive commercial arguments for cramming in sheltered homes onto land that may be both over-built and far from ideally sited for older residents. Mossip has found that "sheltered housing schemes no longer go to the top of the pile on planners' desks," a point echoed by the latest House Builders' Federation survey showing that 67 per cent of builders active in this area were running into difficulties getting planning permission for schemes. "The best of the sheltered home developments dispels the impression that the builders are creating a series of ageist ghettos. But local planners' early enthusiasm for specialist, early-care-housing complete with resident help in the event

of a crisis has worn thin given the number of architecturally undistinguished mini-flat blocks and cramped terraced homes that have emerged from the plans. Finding out what sheltered housing schemes are available is straightforward enough as the New Homes Marketing Board, 82 New Cavendish St, London W1M 8AD, provides a regularly updated list of house-

shops really involves, and whether the "stunning views" are a result of being atop a one-in-five gradient hill. Having eliminated the rogue sites, selection by cost has to include a careful check of the service charges, which vary quite substantially. These would normally cover every aspect of common area maintenance plus the costs of a resident or on-call warden. The inclusion of visitors' apartments and common sitting rooms in a development will clearly add to the overall running costs for all residents, and builders have been finding that prospective buyers would rather their guests stayed at a local hotel and that neighbours meet in their own homes rather than pay the extra running costs. Service charges rarely include individual home heating costs, although most sales particulars do give sample costings for that. As a rule of thumb, the larger the scheme, and the greater the number of houses or flats in the development, the lower the individual service charges, since common costs are spread wider. But that is by no means always the case, and some developers' service



Bearwater, close to the river Dun at Hungerford, Berkshire, where Beechcroft Developments (tel 0491-34975) made full use of five acres of landscaping, including

trout fishing, to dispel the impression of high-density sheltered housing, a principle being applied to the group's other schemes in the South East.

## The 'wrong' image persists

John Brennan tells you what snags to look out for when buying a retirement property

found that "sheltered housing schemes no longer go to the top of the pile on planners' desks," a point echoed by the latest House Builders' Federation survey showing that 67 per cent of builders active in this area were running into difficulties getting planning permission for schemes. "The best of the sheltered home developments dispels the impression that the builders are creating a series of ageist ghettos. But local planners' early enthusiasm for specialist, early-care-housing complete with resident help in the event

builders offering retirement properties. Builders also have sales brochures for all their active schemes but beware of brochures showing an artist's impression of a scheme, artistic licence can run riot. As with any house selection at a distance, a large scale Ordnance Survey map can eliminate schemes where the artist's work has discreetly omitted the nearby six-lane highway, the sewage works or the adjoining USAF ground attack air base. A map check should also show exactly what a "short stroll" to the local

shops really involves, and whether the "stunning views" are a result of being atop a one-in-five gradient hill. Having eliminated the rogue sites, selection by cost has to include a careful check of the service charges, which vary quite substantially. These would normally cover every aspect of common area maintenance plus the costs of a resident or on-call warden. The inclusion of visitors' apartments and common sitting rooms in a development will clearly add to the overall running costs for all residents, and builders have been finding that prospective buyers would rather their guests stayed at a local hotel and that neighbours meet in their own homes rather than pay the extra running costs. Service charges rarely include individual home heating costs, although most sales particulars do give sample costings for that. As a rule of thumb, the larger the scheme, and the greater the number of houses or flats in the development, the lower the individual service charges, since common costs are spread wider. But that is by no means always the case, and some developers' service

costs give no clear indication of the likely rate of increase in costs over the years. Retirement Care, a company that doesn't develop but which manages completed retirement housing schemes, and which now has more than 60 schemes under management, gives some idea of a lowest-case increase in charges. It reports that, by being able to bulk buy such things as insurance cover its management charges have increased by an average of only 3.2 per cent a year over the past five years.

As the majority of housebuilders do hand over management of their schemes to housing associations or independent management companies, the reputation, standard of management and cost efficiency of the organisation that will be responsible for the upkeep of the estate or apartment block is just as critical as the reputation of the developer. Some idea of the prospective management company's record is, then, rather more important

that the comfort of buying from the retirement property arm of a nationally-known building group or from one of the sheltered home specialists. Design and appearance are subjective matters. Neighbours may be even more so. But by finding out the age profile of other buyers, and, ideally, by meeting some of the people who have already bought, it should be possible to get a clearer picture of whether it is going to be a good move, or an expensive mistake.

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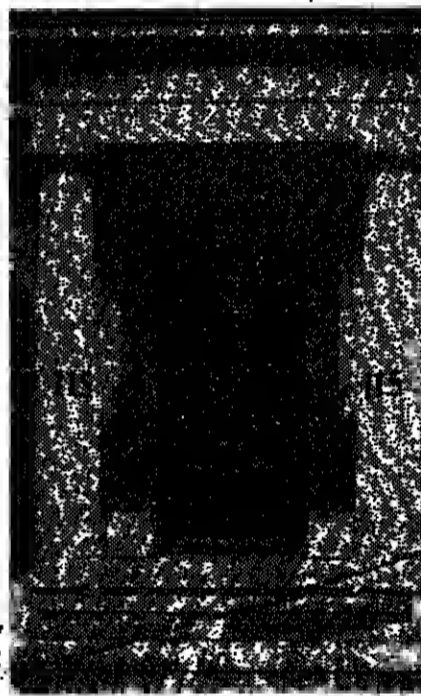
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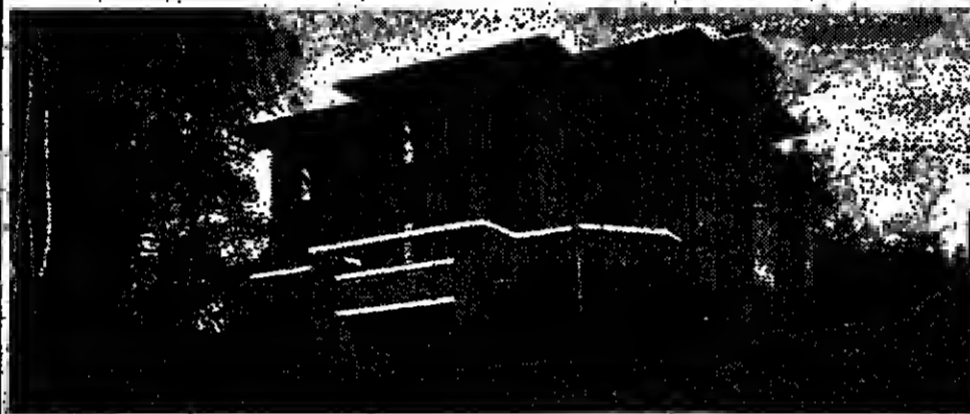


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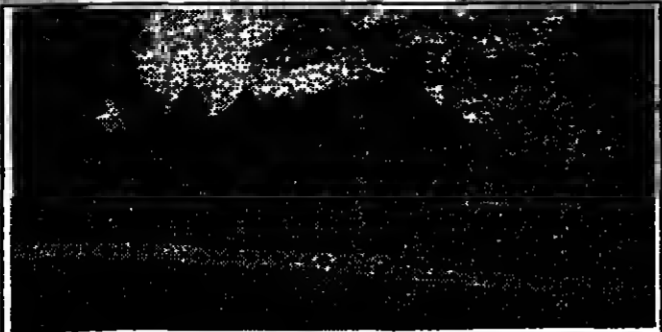


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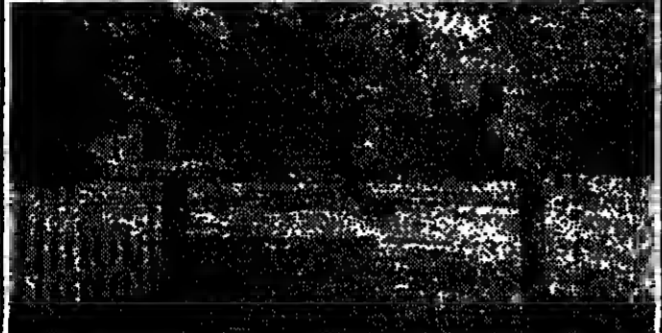
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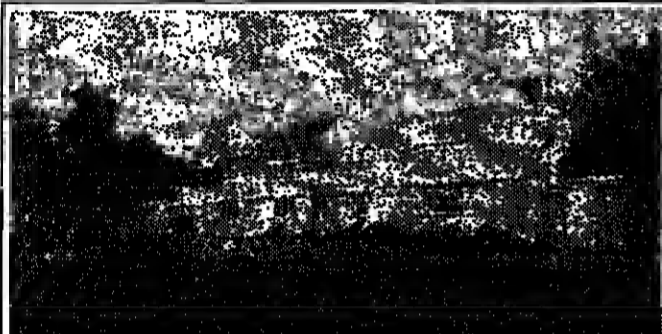
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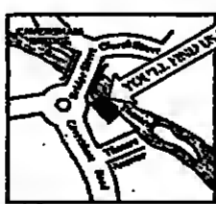
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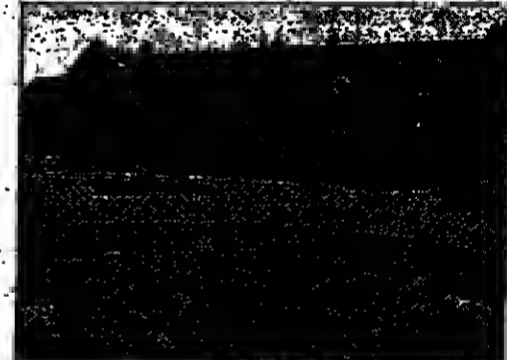


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GARDENING

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GARDENING

Giving bulbs a decent burial

Robin Lane Fox has the answers to the most common questions

IT IS supposed to have been done a month ago, but most of you are probably still at it. You may have ordered those flower bulbs, planted the indoor hyacinths and buried a few daffodils before last weekend's deluge, but I bet that there are still more bulbs in paper bags than below ground.

more than two inches of soil above the bulb's upper surface. I hope you are no longer in doubt. In general, it is better to plant too deeply, as the bulbs will be less accessible to frost and disturbance.

It when planting a hundred in a hurry, but daffodils which lie shallow are rarely less likely to persist for years. Hyacinths, however, hate to be planted deeply, although they are chunky bulbs.

planting crocuses in late October, even when they are showing yellow noses of young growth. Bulb fibre in my view, is a waste of money, except for hyacinths which you intend to force indoors in poorly-drained bowls and which you do not wish to water endlessly while they sit under the stairs in the

to plant it up with crocuses, anemones and small iris. These bulbs are just as happy in a light garden soil, scraped from the garden and carted upstairs in a bucket. You would do better to spend the money on some small 15 cent bulb your own hand. It is for gardeners who secretly wish they could garden without the beastly earth. I rather think they have a sub-conscious fear of worms.



dark fibre has no food in it. If you want its occupants to flourish in the garden next year, you have to feed them in their later stages.

A case for tender loving care

DURING THE next few weeks, it will be necessary to decide what to do about the tender or semi-tender plants in the garden. Are they to be left to take their chances? Should they be protected where they grow? Or would it be best to dig them up and give them whatever winter protection is available?

in a cupboard or other dry, frost-proof place until the spring. The one essential is to get them inside before they have been injured by frost. Provided the tubers still are firm and undamaged, they should be dug up at once and laid out in a sunny, frost-proof place until the leaves have withered and can be cut away.

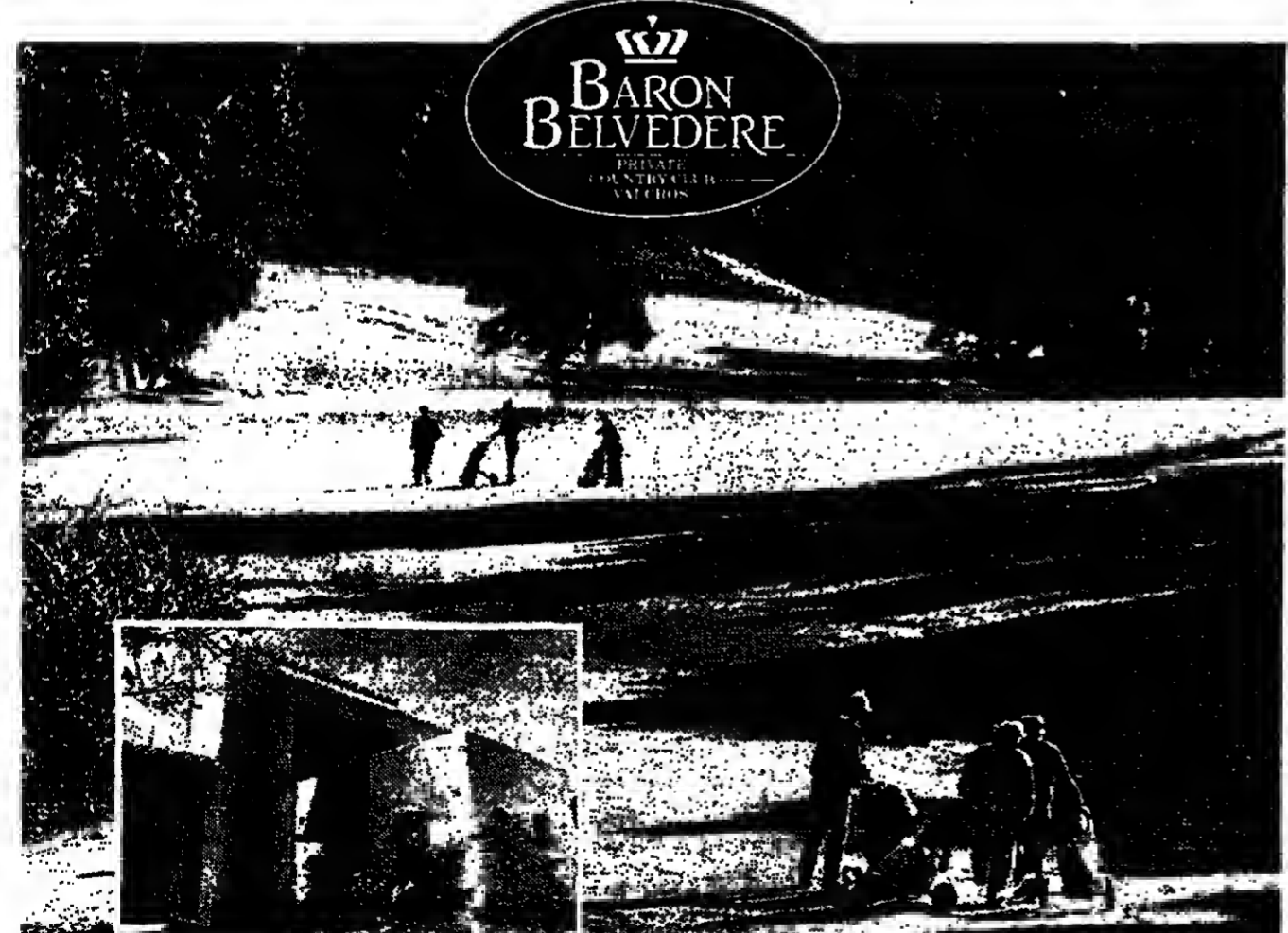
them growing again about mid-April. Much the same treatment suits the matted varieties of dahlias which cannot be replicated from seed; but there is no need to be in such haste to dig them up since their tubers are below ground and so are, to some degree, safe from frost.

winter would probably freeze my heating bill. You need to water only sparingly at this temperature and it helps to put a little sulphur or other fungicidal powder over the plants occasionally to keep grey mould and other diseases at bay. My chequer has got the same treatment and I usually bring the scarlet lobelias inside, although they need an artificial heat and a good cloche probably would do just as well.

attached to stakes driven firmly into the soil. You can have four stakes for bushes out in the open and half-circles for those against walls or fences, with one stake left for the wind to whistle through. These screens should be left open on top for most plants so they can breathe freely; but for very tender plants I would cover the top as well, since I believe cold-air is an even greater enemy than damp air.

There are some popular container plants that also need winter protection: crocus in their individual pots, Aster in the most ungracious and, therefore, the least worthy of being preserved, as all the angles of its stems are so delicate, the gladioli, the lavender, the geraniums, and the newer varieties of New Zealand Star or geranium with orange bracts and crimson leaves.

Arthur Heller



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# Diversions

TRAVEL

## For gutsy skiers with nice bank managers

Arnold Wilson's mission is to enter the heli-skiing combat zone in the Canadian rocky mountains

THIS I had been reliably informed, was heaven. So why was I feeling so gloomy? Envious skiers chums had almost a week's lead on me. I was going heli-skiing in the desolate and spectacular Rocky Mountains of British Columbia. It is supposed to be the world's best skiing. And here I was, in a remote lodge in the middle of the famous Cariboo Mountains, dreading the dawn.

One problem was that the lodge — cosy and self-sufficient as it was — reminded me of boarding school. I was even sharing my rather basic little room with another "boy". A total stranger.

"The other problem was that I wasn't sure whether I could cope with the skiing. I'd seen the videos. Read the book. But would I earn the T-shirt? Were we really going to leap off cliffs, burst through great banks of swirling powder, and come out the other side still smiling, with huge grins on our snow-covered faces?"

Having abandoned any attempt at sleep, I dressed — reluctantly in ski clothes — and watched the dawn while drinking steaming hot coffee in the snug, wood-paneled dining room.

One of our guides, Bernhard, uttered a string of "oomping" and lit a roaring fire. A half-lame, Martini-siffed around on the veranda. And there was the Bell 212 helicopter which would soon be whisking us up to do battle with the mountains.

After lashings of bacon, toast, waffles, syrup and coffee, I began to see things differently. I even wanted to Jesse, the stranger in my room, who turned out to be a droll, bearded, and bespectacled New York lawyer in his 50s.

"Why don't you come and ski with our group?" he'd suggested. So I did. It turned out to be a sensible move. They were mostly veterans of the Canadian Mountain Holidays

scene, either here in the Cariboo or the other mountain holiday centres in the Bugaboos, Monashees, Bobbie Burns, Gothics or Revelstoke.

They were enormously confident skiers, always on the look-out to help, and providing a camaraderie that I had never encountered on the slopes before, except among my closest friends. And these were total strangers.

Each was also determined to add another 200,000 vertical feet to previous missions. Out here, that's one of the principal driving forces. Going for the next million — not dollars, though it costs a lot of money — but vertical feet. For every million vertical, they receive a yellow and blue ski-suit.

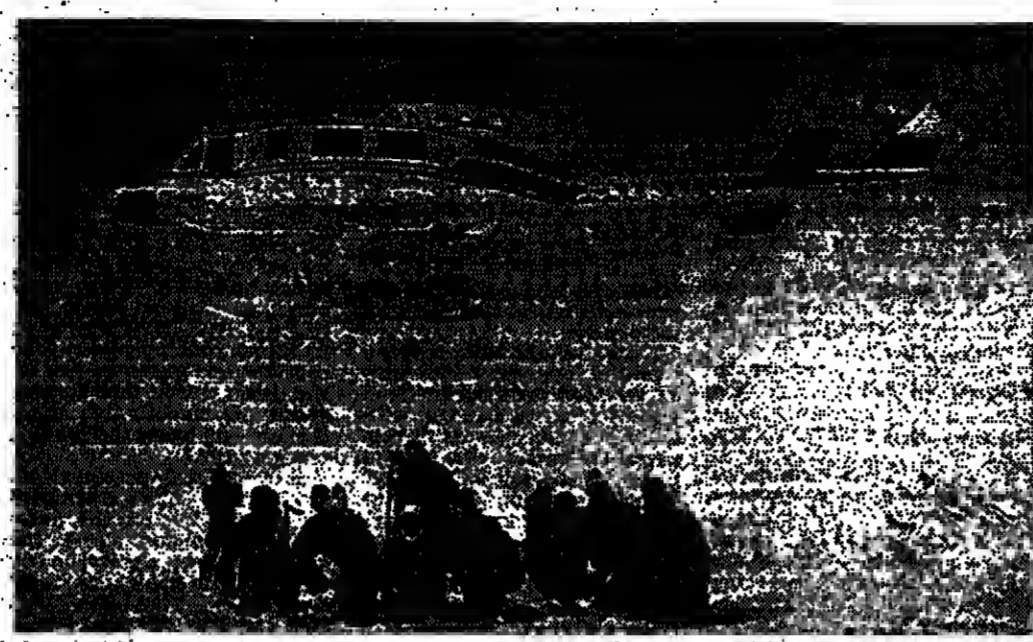
Cost is of no concern to the likes of Orville Willis, Forby, The Third — Reb for short — a San Francisco banker who looks upon it as the skiing equivalent of champagne and caviar. (It's the best — money is irrelevant unless you haven't any.)

But before we guzzle such exciting fare we have to be patient and get through the boring part — safety precautions. We are handed our most vital equipment (apart from skis) — avalanche bleepers.

And our guide, Ernst, a handsome Swiss, pairs us off to practice life-saving techniques — a sort of hide-and-seek in the snow.

Reb and I take it in turns to close our eyes while the other conceals his bleeper in a snow-drift. By switching your bleeper to "receive", you make a series of sweeps, eventually homing-in on your companion's device, which in real life (hopefully not death) would be attached to him under the snow.

Next comes helicopter training: skis must be dragged to the aircraft and never carried over your shoulder because of the whirling rotor blades. Always walk round the front of the helicopter and never the back. And after being dropped



Skiers are dropped by helicopter in the Canadian Rockies

off on a peak, crouch right next to the chopper as it takes off — never mind the icy blasts and ear-splitting noise.

The pilot, Ben — I learned with some dismay later that he is scared stiff of heights — can keep an eye on you there. And if you crawl away from the thudding helicopter you might unwittingly find yourself on higher ground where a dipping rotor blade could scarp you more effectively than a Canadian redskin.

At last we're off — ten of us plus Ernst, who has stowed our skis in a wire mesh basket on the other side of the helicopter.

We roar and soar to the "combat zone." For the first sortie at least, it's more like a gun-ship than a fun-ship. Even Peter Fischer, the German who has the vital task of shutting the door behind us, looks tense, and he's done all this a hundred times.

We land on our first mountain. No turning back now. Like paratroops, we swing out

and drop into the deep snow. Remembering my basic training, I fight an impulse to move away from the icy din. (On another flight, I forgot, and had to be dragged back by the ever-watchful Herr Fischer.)

Ben lifts off again and his big bird goes clattering and wheeling back into the sky. For a few moments we are blasted by a storm of Arctic intensity. And then suddenly — silence. During this intense activity Ernst has unloaded all the skis and now he distributes them.

Below us is our first run — Andiamo, a modest vertical drop of 700 metres. (I discover later that the guides are not only familiar with trivial details about which slopes are avalanche-prone, but also about vital information concerning the exact number of vertical feet per descent. After all, once you've skied your "ration" the cash registers start ringing.)

I set off tentatively, hanging

back while I try to establish whether I can do this thing. It seems that I can. Perhaps this is heaven after all. Even the embarrassment of losing a ski halfway down — having forgotten in all the excitement to scrape the snow off my boots after leaping out of the helicopter — fails to diminish the rapidly growing elation as we sweep down through the vast snowy wilderness, weaving our way round the occasional tree in generous amounts of powder.

At the bottom we pause and wait for Ben, who has three other groups like ours to ferry round the mountains. There is a tremendous clattering of rotor-blades echoing through the rocky chasm as he comes whump-whump-whumping towards us and lands.

He lifts us to a run called Bunny Buster (South) which is merely a happy rehearsal for the wonderful treats to come. Tahiti, a superb descent, gives us another 930 "verticals."

Already I'm beginning to count the metres, even though I haven't earned so much as a free ski-suit cuff yet.

Orville acts more or less permanently as "sweeper," carrying the guide's emergency equipment in a rucksack. As last man down, he has the extra responsibility of picking up the pieces if anyone falls.

Encore, Morning Glory (which lives up to its name in spectacular style) and Bunny Buster (North) bring us to lunch, which is devoured "in situ" on the mountain, sandwiches plus cookies, piping hot tea or raspberry juice.

Once again, there's no peace for Ben, who has to air-lift all this nourishment to us from the lodge in metal canisters.

Felicia and Twilight are next, followed by Amy, Pushalong, Nouvelle Année and Felburn. In our first day, we have skied 10,270 vertical metres (33,885 feet) — well over the height of Everest.

Back at the lodge, a nice touch. Ernst, our master during the day, now becomes our servant, and waits on us at table. The food is delicious and all made by chefs "living-in" at the lodge. (Indeed, the only communication with the outside world is a radio telephone used only in emergencies.) Later, our frugal bedroom beckons. This time sleep comes quickly.

The next day — as every day — we change guides. This time it's the phlegmatic Bernhard. A pattern begins to emerge. Everyone — even me — tries not to "hog" the instructor by skiing first in line behind him, although it is very tempting to steal the first tracks in the extraordinarily good snow. A run called Non Stop — a steep but wide, slope littered with trees — is so good that we ski it three times in quick succession (930 vertical metres each time). But the highlight of the day, indeed the whole trip, is a run called Mind Blower (1010 metres). You can see why when you ski it. The formula is

deep and steep, with trees and shrubs galore to steer through, brush past or, if you get careless, collide with. It seems to go on for ever, as if you're free-falling into infinity. Today we ski a total of 38,343 vertical feet. Belatedly, I discover that the husband-and-wife team with whom I have been skiing are both professional ski instructors on holiday from Aspen, Colorado.

Dominic, another Swiss, leads us on the third day. He says little, but puffs his pipe a great deal. You can follow him down just by sniffing the mountain air. The day's most exhilarating run is called Marble Hill, which culminates in a wide and steep-sided gully, and allows us to indulge in a spot of "wall-of-death" skiing, schussing from one rim to another until gravity sends us hurtling down and then up the opposite bank.

After three days I have skied 105,000 vertical feet — my "ration" for a whole week. You are "allowed" 30,500 vertical metres. After that, you have to pay a supplement of C\$33% (£16) and per 1,000 metres. This can be expensive. In an average week, bad weather will probably wipe out a couple of days skiing.

Our group skied every single day and ended up with a total of 67,510 vertical metres — a record for last winter. It cost about £500 each for the extra skiing.

On the positive side, any competent or gutsy off-piste skier prepared to have a go can handle the skiing. You don't have to be a downhill racer, but it does help to be fit.

At anything from C\$2,000 to around C\$3,500 a week (standard rates without flights or extra skiing) you do have to have an understanding bank manager.

My trip was organised by Powder Skiing in North America, 61 Donerail Street, London, SW6 6EW. Tel: 01-736-8191 and Canadian Airlines International. Tel: 930 5664.



### Niet, nelzya

HAVING YOUR car burgled is never a very pleasant experience. But it can be enriching, as I discovered this summer near Leningrad.

Foreign motorists in the USSR are supposed to use special coupons to buy petrol, but I had been issued in error with coupons that were valid for only two days. No great cause for concern for in weeks of Soviet motoring I had met only help and kindness from garage staff. The garage at Sestrovetsk was the exception. Madame sat in her cubicle and smiled at the coupons.

"Niet," she said.

"Could I get cash?" I asked.

"Nelzya" (It is not permitted), she answered, happily.

"Is there any way in which I can get petrol?"

"Niet," and she closed the cubicle window with satisfaction.

I drove seven miles to Olgino with the fuel low light winking, changed the coupons at an Intransit counter and then motored 16 miles back to Dnini on the coast for a 2 pm lunch.

I arrived 45 minutes late and could not reach the official car-park because of the throng heading for the beach. After parking near the communal restaurant, I went to my room for a sleep and then for a swim.

At 7.30 pm I found the car with a broken driver's window and glass splinters over the floor and seats.

Material losses were relatively light: sunglasses, cigarettes, tow rope, starting cables, maps, oil can, a screwdriver (especially irritating) the nylon brush for sweeping out the car. I reported the break-in to the administration.

Marina, who was giving up her holiday to work for Intourist as a Russian teacher, said she would accompany me to the nearest militia post. Thank the above-year-old son of Tatiana, who ran my apartment block, had evidently seen plenty and the grey-uniformed policeman was soon taking copious notes.

Someone produced a bundle of twigs and I swept the car. The police pointed out that it should have been in the supervised park. I pleaded guilty.

Then to the local town of Repino with Marina to make formal statements. The militia station was green, ageing and full of posters, with off-duty policemen sitting around smoking and playing cards.

The statements were taken by Semyon. "The crime rate is increasing," he joked. "Today, someone stole sunglasses." He said that the typewriter had been locked up for the night and I would have to come back after the weekend.

I signed various documents, agreeing to be punished if I had made false statements, and we returned to Dnini for a midnight swim.

Two more policemen, and an Intourist interpreter, came on Sunday for another statement.

On Monday I phoned Repino about a car window. This took several hours, due mainly to my being cut off abruptly because the operator had booked only a five-minute call instead of the 15 minutes I had requested. No car window in stock but they would try to locate one.

Back to Repino to collect a typed statement confirming that the car had been broken into and the militia informed. The militia said they had identified the juvenile culprits and were looking for them.

I tried to make a window out of a groundsheet. The duty militia man came to watch — then volunteered that he had some much better plastic at home.

"How much will it cost?" I asked.

"Friendship," he replied.

Meanwhile, signs are being prepared saying it is forbidden to park outside the official area.

I do not expect to meet the villains in this tale, but I bear them no grudge for the experience brought new friends and much kindness.

However, the rain came through my makeshift window and I caught a bad cold, so I'm off to the Finnish repair shop. But I'll be back as soon as I can; Russians make good

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**LEGAL NOTICES**

NOTICE OF MEETINGS OF CREDITORS

**EARLEY ENTERPRISES LIMITED**

NOTICE IS HEREBY GIVEN, pursuant to Section 10 of the Insolvency Act 1986, that a meeting of the Creditors of the above-named company will be held at the New York Hotel, Central Street, London EC2J, on the 28th day of November 1988 at 11.30 o'clock in the forenoon, for the purpose mentioned in Sections 10(1) and 10(2) of the said Act.

A list of the names and addresses of the company's creditors will be available for inspection, free of charge, on the last business day preceding the meeting, at the offices of Robson Rhodes, Third Floor, St George House, 40 Great George Street, London EC1 3DG.

DATED this 10th day of October 1988

BY ORDER OF THE BOARD  
Administrative Director  
(for newspaper and London Gazette)

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Name of business: Garage Franchiseur  
Trade description: Garage Franchiseur  
Date of appointment of administrative receiver: 23rd September 1988  
Name of person appointing the administrative receiver: Midlands Bank PLC  
SHEILA ABBIE & COLIN GEORGE WISEMAN Joint Administrative Receiver (office holder)  
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## Bobbin' along in Bangkok

Martin Goodman joins an end-of-monsoon celebration

THE STATUES of Bangkok were garlanded so they could take part in the festival of Loy Krathong. It was early November, and Thailand was preparing itself to celebrate the end of monsoons and floods for another year.

Bangkok is a floating city. Many pavements are a series of pontoons, the entire walls of houses to either side lifted up to reveal their wooden ship's cabin interiors. But I travelled north for the day, marvelling through my train window at how nature was joining in the celebrations.

Acres of rice spread their luscious green to distant purple mountains, while vivid streams of birds flashed their rainbow colours across the scene. Water buffaloes sank in trackside pools so that only their eyes were left above water, peeping at the world.

A troop of schoolchildren led me from the station, and through the town of Lop-Buri — boys in white shirts and black trousers, girls in white blouses and black skirts, but petals of pastel colours rising from the small boat each child carried.

These were traditionally made of banana leaves, though now the fashion is for polystyrene bases bedecked with plastic and ribbons. They held lit candles and incense,



Floating market to the north of Bangkok

and carry a small gift or coin onto the river to thank the waters for growing calm. Some of the boats, like flattened artichokes, had the children's names pinned to their hearts.

They led me to a temple complex by the river. Some monks left their chanting to climb down from their hall on stilts and join in as the teacher marshalled the children into line through his megaphone. They repeated his chants, held their boats up to their foreheads, and waited to have their candles and incense sticks lit for the launching.

That came as a bit of an anti-climax, for monks had made the waters still and the boats simply clustered together. Smaller children jumped in to push them out into the current, so that they could float their prizes of gifts and coins to their friends who waited streaming tourists up and down to view the spectacle. They held their votive craft up above their heads to keep them safe from the crush, like a parade of Ascot's more ind-

cross hats. My winner was a large model of a temple flooded by a kilowatt of candles.

The sky whistled and exploded with crackers and fireworks as the night hot up. I sipped a glass of spirits as a reward for joining in a dance to an intricate rhythm clapped out by jolly men, then joined a crowd that sang and whirled their way past me to squeeze on through the sidestreets.

A cinema screen was stretched out between buildings to keep a squadron of party-goers both relatively still and amused. At the back of the crowd, but raised on a skirns so that he had the best view of all, was an image of the Bud-

tha. He, too, wore his garlands, and was surrounded by fruit and clouds of incense. People bobbed down and signed their respect before running back to their play, while I rounded off the evening by floating on my back in the hotel pool — looking up to admire my face reflected in the full moon.

Horizon's takeover by Thomson.

Travel agents are also keen to boost their share of the skiing market. Pickfords Travel, for example, is offering £30 off skiing holidays or the option of £15 worth of skiing training. It is also encouraging group bookings with discounts for two people out of groups of 10 or more.

But one area of the market that is reported to be less buoyant this year is skiing trips organised by schools. It seems that teachers — following industrial action in recent years and the publicity surrounding skiing accidents — are less willing to take on the responsibility of school skiing parties.

Skiing holidays during the half-term holidays after Christmas, not surprisingly, are already virtually fully booked.

### BRIEFING

## Yuppies turn to skiing

It is a surprise to the travel trade which wrongly believed that last January's snowless ski slopes January would deter Britons from early season booking.

"Logically we would have expected people to adopt a wait-and-see approach before booking a ski holiday," suggests Fatah. "The British holidaymaker never ceases to amaze us in the business."

"It's clearly the 'in-thing' to do this year for many people," says Michael East, a travel consultant with the Eastcastle group.

Charles Newbold, managing director of Thomson Holidays, says newcomers to skiing this year are young, mainly male, from the south-east of England

and have both the time and money for a ski holiday.

So, which are the most popular ski destinations? Austria remains the traditional favourite with Britons. Bulgaria is selling well with first time skiers who are less concerned with the ambience of their ski resort.

France has mixed appeal. "It had the best snow last winter but is the most sluggish market for us," says Fatah.

Thomson reports that Italy is coming back in popularity after years when it priced itself out of the market.

And Scotland's appeal as a ski destination seems to be growing — last year Scottish ski resorts recorded an

increase of nearly 12 per cent in the number of skiers, compared with the previous winter, in spite of the poor snow conditions.

The upturn in demand means that there are fewer discounts around.

"The capacity of the market is limited by the number of slopes and accommodation so there is no need for the tour companies to chop prices," says East.

Horizon Holidays appears to be the only operator to offer discounts so far — largely as a result of the uncertainty surrounding its future. The Monopolis and Mergers Commission has yet to complete its investigation into

David Churchill

John Hamilton

XX WEEKEND FT

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\*'What Car?' October 1998



CLASSIC CARS

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THE WORST thing Alfa Romeo ever did was to be talked into trying to become a competitor of Fiat back in the 1960s.

Politicians decided that the poverty-stricken south of Italy should have a car factory to make jobs and create wealth. Alfa Romeo was arm-twisted into building one outside Naples to produce a cheap family saloon in large numbers. It didn't work.

The Alfa Romeo - for that was the car - was a little cracker to drive. But build quality was appalling, losses mounted and the whole operation became a textbook case of industrial and financial anarchy.

Meanwhile, things were not going too well in Milan, where the traditional Alfa Romeos were made. A bid to move into the luxury market with the Alfa Six got nowhere. The Alfa Romeo's successor, the type 33, hardly set the Tiber on fire and the medium sized Alfas such as the GTV and 75 were better known for their individuality and performance than for reliability and retained values.

Alfa sales in Britain, once a good market, sagged almost to disappearing point. But the name still had some of the old magic. People remembered the days of wood rimmed steering wheels and polished steel gear levers, nervously responsive handling and engines that sang like a tenor at La Scala.

No-one is more pleased than I am to say that they have. The white knight responsible is Fiat, which rode to the rescue as it had done with Lancia a decade earlier. Fiat money and managerial talent have poured into Alfa Romeo. Existing models such as the 33 and 75 have been greatly improved and are holding the fort in the lower reaches of the market until now.

However, if one car can be credited with transforming a company's fortunes it will be the Alfa 164, Alfa Romeo's flagship, which reached Britain this week. Unless I am much mistaken, it will compete very strongly with such upmarket favourites as the BMW 5 Series, Mercedes 230 and 300, Rover 800 and Saab 900. Everything is on the 164's side: looks, specifications and price.

There are some under-the-skin similarities with the Fiat Cromia, Lancia Thema and Saab 900, because all four cars were developed cooperatively in their early stages. The 164 has, however, been styled by Pininfarina and is the most elegant and individual looking of the quartet.

It also has the best engine: a beautiful light alloy three litre V6 salvaged from the wreck of the Alfa Six. In the 164, with electronic management, it produces 192 horsepower, enough for a claimed top speed of 143 mph/230 kmh and a 0 to 60 mph (0 to 96.5 kmh) acceleration figure of less than 7.5 seconds.

I tried the car some weeks ago on the antoroutes of France. I accept Alfa Romeo's performance claims but personally give more weight to matters like refinement, ride comfort, silence and equipment. In all these respects the

MOTORING

Alfa Romeo finds its Juliet

Stuart Marshall on Fiat's love affair with a famous marque



The Alfa Romeo 164 3.0 V6 Lusso: a blend of traditional sporting refinement and lavish equipment

The Alfa Romeo 164 3.0 V6 Lusso: a blend of traditional sporting refinement and lavish equipment

and it is asking a lot of one pair of tyres to transmit all that power, steer the car and do most of the braking. If you insist on blasting off from a standstill in first gear, there is some torque steer; the front end links sideways as you feel the tyres fighting for grip through the steering.

Driving it senior manager, rather than boy racer style, the 164 impressed me with its urbane as few other cars have done this year.

Two right hand drive versions went on sale this week, the 164 3.0 V6 at £17,925 and the Lusso at £20,250. There are no mechanical differences but whereas the cheaper car has generously comprehensive equipment, the Lusso has everything a buyer in this

class could need, air conditioning and compact disc player included. Both cars have ABS brakes, powered seat and mirror adjustment and sunroof and nicely weighted power assisted steering.

The driving position, with a rake and reach adjustable wheel, is fine. The interior would make a BMW or Mercedes owner feel at home, which is clearly what was intended. In the rear seats, the ride is as good as it is up front and head and leg room are generous. The boot is big and easily loaded, but I found the rows of square push button minor controls on the centre console confusing.

Since the 164 was launched in Italy more than 16,000 have been sold and buyers must wait six months for delivery. Only 500 will come to Britain this year, most of them reserved. Next year 1,000 will be imported and will account for about 20 per cent of Alfa's rising sales here.

Alfa Romeo is well aware that build quality and reliability will be crucial to the 164's future. Executives stress the emphasis on quality control, corrosion proofing and pre-sale testing. I can only report that the Lusso I drove did not squeak or rattle and felt as solidly put together as one of its main German rivals.

When an old and distinguished marque has fallen on hard times, it is good to see it make a comeback. I reckon that many owners and user choosers of the long standing leaders among the management level cars will be taking a hard look at the 164, seduced by its good looks and lavish equipment as well as its keen price.

It's all go for the show

BY THIS time next week, the public will be pouring into the National Exhibition Centre near Birmingham to see what is going to be the best British Motor Show in many years.

Although most of the new-to-Britain cars were unveiled in Paris two weeks ago, at least one sports coupe from Germany has been held back to make its bow at the NEC, and even though the Paris debutantes have been described and pictured in print, it will be the first opportunity for hundreds of thousands of potential British customers to see them in the metal.

The show actually opens on Wednesday, but the first three days are for motor trade visitors only. In a bid to reduce the scrum on the first public day, Saturday October 22, admission will be £10. The price drops to £4 (or £2 for senior citizens and accompanied children) starting on Sunday October 23 and the show will be open from 9.30am to 7pm every day, except the last (Sunday 30) when it shuts at 5.30pm.

This time, the public will not be admitted to the bus and coach section at all. It is a trade only affair, closing on Sunday 23. But the Barries, gaudily majestic, are on public view.

Car parking is another £3. The NEC has been specially signposted for 30 miles around and the police have appealed to show goes not to try to take short cuts.

If you don't feel like fighting your way to the motorway and then queuing for a bus to take you from a distant car park to the show, try the train. Birmingham International station is part of the NEC complex and British Rail will be offering inclusive travel and admission deals.

Perhaps the smartest way of all to get there is to fly to Birmingham International Airport and finish the journey from terminal to exhibition on the magnetic levitation overhead railway. You can then boast of having experienced personal transportation as it may be in the next century.

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show goes not to try to take short cuts. If you don't feel like fighting your way to the motorway and then queuing for a bus to take you from a distant car park to the show, try the train. Birmingham International station is part of the NEC complex and British Rail will be offering inclusive travel and admission deals.

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Table listing various car models and prices, including 1988 (E) NEW SHAPE 625i, 1988 (E) MERCEDES 500 SEL, 1988 (E) 325i CABRIOLET, etc.

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JAGUAR AUTHORISED DEALERS

GUY SALMON JAGUAR. 1987 (D) XJS 3.6 Cab. Auto. Black with dossier, trip computer, car telephone. £29,950. 1987 (E) XJS V12. Jaguar racing green with dossier, 9,200 miles. £24,950. 1986 (D) XJS Cab. White with dossier, Macho wheels. 25,000 miles. £24,950. 1987 (D) XJS V12. Jaguar with dossier, 18,000 miles. £24,950. 1988 (E) XJS V12 Cab. White with dossier, wooden steering wheel, sports alloys, macho wheels. 25,000 miles. £24,950. 1986 (D) XJS Cab. White with dossier, Macho wheels. 25,000 miles. £24,950. 1987 (D) XJS V12. Jaguar racing green with dossier, 9,200 miles. £24,950. 1986 (D) XJS Cab. White with dossier, Macho wheels. 25,000 miles. £24,950. 1987 (D) XJS V12. Jaguar with dossier, 18,000 miles. £24,950. 1988 (E) XJS V12 Cab. White with dossier, wooden steering wheel, sports alloys, macho wheels. 25,000 miles. £24,950. 1986 (D) XJS Cab. White with dossier, Macho wheels. 25,000 miles. £24,950. 1987 (D) XJS V12. 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BOOKS

How a good egg cracked a crisis

Malcolm Rutherford reviews the memoirs of Lord Carrington

REFLECT ON THINGS PAST: THE MEMOIRS OF LORD CARRINGTON Collins £17.50, 406 pages

LORD CARRINGTON, the former British Foreign Secretary, has one major achievement to his credit: the settlement of the Rhodesia conflict.

They might also reflect that Rhodesia, now Zimbabwe, has become a reasonably stable state by African standards, and that most of the potential instabilities are not entirely of its own making.

One of those people was Margaret Thatcher, the Prime Minister, whose initial suspicion and even ignorance of Africa and African nationalism clearly ran deep.

Nevertheless, for most of his life Carrington has been blessed than most by good fortune. He never particularly shone at anything, even at school at Eton. He is not one of

nature's intellectuals, though he admits in retrospect that it was probably a mistake to have gone to Sandhurst rather than university. His essential charm is that he talks like a character out of P G Wodehouse, a style that is harder to adapt to writing.

If the first 200 pages or so of his book seem dull, that is because the young Carrington had little enough to disclose. Although he served under every Tory administration from Churchill to Thatcher, he did not look at first like a man marked out for the highest honours.

Whether I was right or wrong to stay I do not know. The answer was the "assail" spy affair when Carrington was First Lord of the Admiralty in the early 1960s. Other men, at other times, would have gone; Carrington remained.

Probably the most controversial part of his career had nothing to do with foreign policy. Carrington was Defence Secretary and Chairman of the Party under Prime Minister Edward Heath. It was he above



anyone who urged Heath to go for an early election when the miners were on strike in 1974. Carrington suggests here that Heath did not go to the country quite early enough. He chose February 23, whereas a week or two sooner might have been better.

He was in many ways well suited for the task, having travelled widely and developed a vast range of contacts. Yet it is ironic that the job that he had coveted was the one that led to his finally resigning office. Ostensibly, the cause was the Falklands and the Argentine invasion.

The best way to read his memoirs is to try to imagine Carrington - the Wodehouse figure - in conversation. That goes especially for the anecdotes, which are frequent and sometimes hilarious. His favourite adjectives are "agreeable" and "disagreeable".

From warrior queens to the New Woman

A.L. Rowse on a colourful account of the lives of female rulers throughout the ages

BOADICEA'S CHARIOT: The Warrior Queens by Antonia Fraser Weidenfeld & Nicolson £14.95, 383 pages

it to explain themselves when Protestant Elizabeth I did rather well and proved them wrong. Actually, Elizabeth I was very conscious that she would need to prove herself as a woman ruler, after the failure of those others.

We have a good deal of confusing argumentation about the Voracity Syndrome, the Appendage Syndrome and Pombo Syndrome, about Celtic goddesses, sex and sexuality, even chastity. I must say I prefer to take my history plain. Among many omissions, I note the Empress Livia, if also murderesses, as Messalina and Agrippina. And what about Madame de Maintenon, so

influential with Louis XIV? She was his wife, though not recognised as Queen. One lives and learns: Queen Jinga of Angola, with her horrid ritualistic practices, was news to me. Still, I prefer the historical treatment of these ladies and their pretty little ways to a journalistic one.

A Canadian authority said to me the other day, "She is always right"; some people, a good many Oxford women, find that intolerable. A country needs to be grateful for it; apparently it takes a man to be fair to her. Of the most powerful woman in the world Lady Antonia comments high-mindedly that "power is not necessarily thrilling".

Bilkers help uncover the soul of Central Europe

THE DOUBLE EAGLE: VIENNA, BUDAPEST, PRAGUE by Stephen Brook Hamish Hamilton £14.95, 328 pages

THE REDISCOVERY of Central Europe has been going on for about a decade now. Its boundaries are as much a matter for debate as its significance, but a common approximation (though Poles, Russians and others often disagree) has been the old Habsburg Empire.

Stephen Brook has had the piquant idea of comparing life in the three main cities of the Empire. In exploring their cafes, museums and other places, and the attitudes of the people he meets, his urban adventures and misadventures lead into some diverse reflections on Austrian, Hungarian and Czechoslovakian society.

This is not merely a matter of mixing some excellent local jokes with appropriate details of venality or sentimentality or bureaucratic absurdity. Brook eventually reveals that his choice between an honest relationship with one's children and their academic progress, and about power and cynicism.

Vaclav Havel - so much more than "a dissident writer" - is visited. His idea of post-totalitarianism is considered, where compromised individuals "need not accept the lie. It is enough for them to have accepted their life with it and in it."

Despite and because of the many improvements since the 1950s, there is a tension between the cautious advent of economic pluralism and the lack of political pluralism. Brook admires the Budapesters for their ability to enjoy themselves in their trying circumstances, and also makes some very rude comments on the prostitutes and on local productions of La Boheme.

The city which comes over worst from these travels is Vienna. Although it is notionally in the West, its values and procedures (for example, the Parfiteuch system) are often indicative of the reality of Central Europe. The introvertedness and smugness of the Viennese is dwelt on, but contrary trends such as the efforts of the magazine Profil are scarcely noticed (except for a funny encounter with the local avant garde). As for President Waldheim, Brook finds him a loathsome and opportunistic liar, but gives scant attention to the temperate role of the World Jewish Congress during his election.

Cumulatively, however, this book says much about life today in some of the world's most interesting streets.

Bernard McGinley

SALMAN RUSHDIE THE SATANIC VERSES

Shortlisted for the 1988 Booker prize "You must read this populous, loquacious, sometimes hilarious, extraordinary contemporary novel." Angela Carter, The Guardian "A masterpiece of a novel that is more ambitious than any other fiction being written today." Bill Buford, The Sunday Times "This book is better than Midnight's Children...because it is more contained - but only in the sense that the Niagara Falls are contained." Victoria Glendinning, The Times "It is several of the best novels he has ever written." TLS "It is all damnably entertaining and fiendishly ingenious." London Review of Books £12.95 VIKING

Heller's messy montage

PICTURE THIS by Joseph Heller Macmillan £12.95, 351 pages

KLARA by Hugh Thomas Hamish Hamilton £12.95, 347 pages

THE HIGH ROAD by Edna O'Brien Weidenfeld & Nicolson £10.95, 180 pages

SHINING THROUGH by Susan Isaacs Collins £11.95, 402 pages

IMAGINE THE Mona Lisa with a moustache, or the Sunflower all muddled up and trodden underfoot, and you have some idea of the effect of Joseph Heller setting to work on Rembrandt's painting, Aristotle Contemplating the Bust of Homer, which in the cartoon world of Picture This translates roughly as Aristotle Walking out of the Frame to Contemplate Rembrandt Creating Him. One life at a time, please, one finds oneself painting, as Heller carves up the picture and uses it as an excuse to dissect the two golden ages of ancient Greece and 17th Century Holland, pointing the finger here at an obtuse Spartan general, there at a smart Dutch money-lender. Judging a society by its victims, he satirises the turbaned cheerfulness and the bankruptcy of Rembrandt, gloomy, self-destructive and misunderstood, to bear witness

against some of history's better political systems, while between the lines, round the corners, hiding at the edges of the picture, are the real scenes - the satirical shots against the golden age of American democracy. There can be few more convoluted attempts at saying plus ça change, and this facts-only narrative, with its short declarative sentences and one-line paragraphs juxtaposing atrocities separated by the centuries, soon falls.

Edna O'Brien writes with great poetic charm and ease, and her story is well pulled together. But somehow her ghosts fail to haunt - mainly this is romantic fiction set up in its Sunday best. Give me the unshamed blockbuster any day, especially of the Susan Isaacs' tear-jerk-

merges the two in this unusual, dense work. Edna O'Brien has the double knack of creating fantasy worlds and peopling them with flesh-and-blood characters - especially fleshy ones. The High Road, her first novel for 11 years, is suffused with the same drowsy sensuality that hung over most of the others. The narrator is a bisexual woman, Anna, who tries to forget a broken love-affair by escaping to a Spanish seaside enclave. Others have the same idea, and the wavering outlines of their heads past slip in and out of her narrative.

PERHAPS THE most remarkable fact in the history of Burma is that it was still around to celebrate its 100th birthday in 1986, the occasion for commissioning this second volume on the company's history. Burma's survival supports the accepted wisdom of the industry, that it takes the luck of a big discovery to make an oil company. Burma made the great discovery, in Persia in 1908. Unfortunately in a world glutted with oil, it was not in position to develop this and consequently sold a majority interest in what was to become British Petroleum to the British government.

Its 23 per cent stake, however, stood it well, providing a solid asset and a big income stream while its own operating businesses crashed on the rocks of war, nationalism, and competition from bigger rivals. The survival of its operating



Susan Isaacs: a tear-jerker

ing, breath-catching variety. In Shining Through, Cinderella (alias American Jewish secretary, Linda Voss) goes home to downtown New York each night dreaming of marrying her boss. Turn the page, close your eyes for a second, and

proceed to wartime Berlin, where Cinderella joins the Resistance and becomes a war heroine. It is all held together by a marvellously engaging female. Jackie Wullschlager

Century of Burmese days

A HISTORY OF THE BURMAH OIL COMPANY 1924-1966 by T.A.B. Corley Heinemann £20.00, 352 pages

businesses until the second world war was due in no small measure to Burma's skill at negotiating agreements with big oil companies that in effect fixed the market. Times, indeed, have changed. Burma, however, did not keep up with the times and its history demonstrates how difficult it is for companies to change direction even when signposts are all over the wall. The enforced idleness during the second world war, after its Burmese refineries were destroyed as Japanese armies advanced, produced some reflection on what direction the company should move, and whether business could con-

tinue to be profitable in what was bound to become a post-colonial era in its main markets. Only in the late 1950s did the company begin to expand again. One acquisition among the pile of bric-a-brac that Burma ended up accumulating eventually proved its salvation. This was Castrol, the lubricants mixing and marketing operation that is the highly profitable core of the business today. This business saw Burma through the oil shock of 1973, after which the Bank of England had to step in with a rescue package, and Burma had to sell its BP stake to the Bank at a bargain price.

Burma has a fascinating history, one made more topical by recent events in Burma. Unfortunately, this is an dull book that often reads like a summary of memoranda found in the company's archives. Steven Butler

Advertisement for Robert Maxwell's biography. Text: "Robert Maxwell. Born a Czech, arrested in Hungary as a spy, twice a soldier in France, with two different armies. Maxwell. One of the most remarkable men of our time. Maxwell by Joe Haines. Read the truth about the man behind the myths. Now available at your bookseller, only £3.99." Includes "NOW AVAILABLE IN PAPERBACK" and "FROM ALL GOOD BOOKSHOPS" logos.

BOOKS

Liars, cheats and rogues

INTELLECTUAL is one of those words that have come down in the world. No-one wants to be thought of as an intellectual nowadays. Good heavens! And yet all it basically means is someone who possesses at a high level, "that faculty, or sum of faculties, of mind or soul by which one knows or reasons (excluding sensation and sometimes imagination) dist. from feeling and will's power of thought; understanding..." according to the Oxford Dictionary. Time was when people believed it was the possession of this faculty that alone made life worth living. One of the rebel angels in Forster's Lost declared that it was even worth suffering hell-fire for all eternity so long as one remained in possession of it: "...who would lose, / Through full of pain, this intellectual being..." In this book Paul Johnson, who possesses one of the keenest intellects of anyone now writing regularly in the public prints, has downgraded the notion of an intellectual even further. He presents here a representative group of subversive intellectuals from Jean-Jacques Rousseau through Shelley, Ibsen, Karl Marx, Tolstoy to Brecht, Hemingway, Bertrand Russell, Sartre, Victor Gollancz, Lillian Hellman (an intellectual?) and ending the tally with such contemporaries as Cyril Connolly, Kenneth Tynan, James Baldwin, and Fasshinder. By stripping the public masks off the faces of these individuals and revealing their hidden private selves, Johnson shows them to have been cheats and liars, monsters of selfishness and vanity, treacherous, devious, self-seeking, and particularly heartless and cruel in their relations with those closest to them. Tolstoy's appalling treatment of Countess Tolstoy is set beside Sartre's equally dreadful behaviour towards his lifelong companion Simone de Beauvoir. Johnson sets about his self-appointed task of cutting his flock down to size with tremendous gusto. He draws



Lillian Hellman: was Johnson right to put her among the intellectuals?

heavily, with acknowledgment, on a number of recent biographies where we have not been spared the most minute and degrading details of marital life. Maddox's recent study of the Joyce marriage, Holroyd's Shaw and the Eliot revelations have all come out just to late for him; but Hayman's Brecht, Meyers's Hemingway, Wright's Hellman, Amie Cohen-Solal's Sartre, Ruth Dudley Edwards's Victor Gollancz, and Kathleen Tynan's Tynan, are all pressed into service, rich sources to yield Johnson a wealth of damaging detail. He uses it to show in each case a massive discrepancy between what these

INTELLECTUALS by Paul Johnson. Weidenfeld & Nicolson £14.95, 384 pages.

unacknowledged legislators professed and prescribed for humanity in general and the way they carried on at home. Johnson's scores many points in the process and has a lot of fun. The book can be recommended as a thoroughly good knockabout read; but at the end you feel faintly disgusted not only with many of the people in it, some of whom one had once admired, some of whom one still admires, but with yourself as after any other kind of orgy. The point is that the same technique could be applied with precisely the same results to any group of eminent people.

All of Johnson's batch are radicals but if you took a different kind of intellectual Christian writers (say) Kierkegaard, Charles Kingsley, T.S. Eliot, Rose Macaulay, Charles

Williams and G.S. Lewis, you could make just as much mud stick, by glossing rapidly over the work and viewing them in an exclusively domestic environment. You could do the same thing with Shakespeare too. "After he had signed off in The Tempest with a typically grandiloquent flourish, he turned his back on the stews of Cheapside, and set about reconstructing his image from that of public performer to country gentleman. The vagrant wanted roots. He acquired land and applied for a coat of arms. He became irascible, litigious, despotic, more so (it seems) than any of the tyrants he depicted on the stage..." and so on.

If then did have a passion for medals and orders and was inordinately vain, what does it matter? He wrote The Doll's House and Hadda Gabler. The pity of it is that when Johnson does turn his fleeting attention to the written works of his intellectuals he shows himself to be remarkably acute. He is particularly perceptive about Hemingway. In order to justify his placement in the book at all, as an intellectual, Johnson has to show that "his novels are novels of action and that makes them novels of ideology because to Hemingway there was no such thing as a morally neutral action. To him even a description of a meal is a moral statement since there are the right and the wrong things to eat and drink, and right and wrong ways to eat and drink them."

That may be tortuous but it is true, and the whole book is full of similarly penetrating insights that cause the reader continually to regret Johnson's obsession with biographical trivia.

Anthony Curtis

Eileen Agar: heart belonged to Dada

Peter Quennell on a British woman surrealist

I WONDER how many readers of this page can still recollect the International Surrealist Exhibition held at a London gallery behind Burlington House during the sultry summer days of 1936?

It proved, and clearly was meant to be, a somewhat startling occasion. Not only did an attractive young woman stray through the crowd masked with ladybirds and rose-leaves, cradling an uncooked leg of lamb, but Salvador Dalí's eccentric existence was nearly brought to a suitable macabre close.

Dali had volunteered to deliver a speech on "Authentic Paranoid Phenomena," wearing a complete diver's suit procured for him by that celebrated dilettante, Lord Berners, and had made a spectacular entry, leading two white Russian wolfhounds, wearing a jewelled dagger and carrying a billiard-cue. But when, preparatory to speaking he tried to remove the helmet, he found that it had been firmly bolted into place, and that he was on the point of suffocation.

Though his wife and a minor poet rushed to his rescue and did their best to hammer the bolts loose their efforts merely increased his sufferings. Each blow they dealt rang with the sonority of a gunshot through his skull, but meanwhile his audience laughed and applauded. Evidently they mistook his struggles for an impromptu entertainment.

Such was great Britain's introduction to Surrealism. The new artistic movement that set out to overthrow the tyranny of old-fashioned representational painting, and enable us to see the modern

world anew, and it was so well received by our native cognoscenti that Paul Eluard, the famous surrealist poet, prophesied that from our tight little island it might soon reach the remainder of the globe. His friend, Eileen Agar held and holds the same view. The exhibition, she writes in her autobiography, A Look at My Life, "burst on London like a many-faceted flower, sealing its petals all over the world, and its seed fell on many countries." For her those petals have

Eileen Agar was herself a beauty. Unlike many beauties, however, she always enjoyed work, with the result that her pictures, collages and symbolic objets trouvés - the bits of marine debris and even domestic odds and ends she collected and combined to form an imaginative shape - are now on display both at the Tate and at the National Portrait Gallery.

Today, she is 88 years old, and has never ceased working. But she says, "As one grows older, it becomes more and more difficult to avoid living in the past," and her own past was certainly worth a revival; for, besides portraying the Surrealists, she describes a series of English and American writers, among them Ezra Pound, T.S. Eliot, and Evelyn Waugh.

Pound she particularly esteemed, a "red-bearded Apollo" who wore a black corduroy suit and told her that the qualities she should aim at as an artist were "clarity, structure and vital energy." Of Eliot, nicknamed by his intimates Possum, she grew extremely fond, despite his solemn countenance, huge grotesque umbrella, and habit, if they talked, of assuming a voice in which "charity and patience were marvellously mixed." Waugh she liked less, when he decided to attempt her seduction, and made a too-deliberate pass at her.

Altogether, she has lived an admirably full life. The daughter of a rich businessman who had made his fortune in the Argentine, she had an unhappy first marriage, overshadowed at an early stage when her husband was sick on an underground train on their



Eileen Agar's plaster head "Angel of Anarchy", (1937) Past Nash claimed that it strongly resembled him.

way home from a party. But her second alliance with Joseph Bard, a versatile Hungarian man of letters, greatly attached to London club-life, who collected literary friendships and antique gems, brought her nearly 30 years of happiness. A Look at My Life, in which she has been assisted by a young student of 20th century British art, is not always very well-written, and contains one or two rather unfortunate phrases. El Greco's Burial of Count Orgaz, for example, is

hailed as a "supreme orgasm of the soul." But, in its entirety, her narrative presents a vivid panorama of an adventurous and stimulating age.

Picasso, with his "steady brilliant black and white eyes and sculptural build," is deservedly one of her heroes; and she shows him at his best. Here she reveals none of the unpleasant traits that hostile reviewers nowadays sometimes attribute to his complex personality.

A LOOK AT MY LIFE by Eileen Agar with Andrew Lambirth. Methuen £14.95, 244 pages.

retained their early freshness, and she still remembers the pioneers of the movement with admiration and personal affection. "The Surrealists were a proud, elegant and unforgettable group. They all seemed to be very handsome, Max Ernst with his startling bird-like face... Eluard, tall and classically-looking... Breton with his Roman nose... Yves Tanguy, nervous and excitable... Dali, given to doubts and explosive tempers, and never-stilled paranoia, conspicuous by his moustache and his croavies."

In a group photograph, taken for the exhibition, which includes the English leaders of the movement, Roland Penrose and the highly gifted Herbert Read, Eileen Agar occupies a dignified and decorative place next the graceful Mme Eluard; and a single snapshot, captioned "Self Dancing on the Roof outside Mojins in 1937," shows that, at her zenith,

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OUTDOORS

All a bit of a confidence trick

Alexander Norman looks at the trials and tribulations of learning to fly

ACCORDING TO Mike Cowburn, "The world is divided into two types of people - those who fly and those who don't."

To look at Cowburn does not strike you as a pilot. He is a slight, wiry, 57-year-old civil engineer.

About 21,000 people in Britain hold a private pilot's licence (PPL) and most of them fly in aircraft that belong to clubs.

Money, of course, is the main barrier to greater private ownership - but not the only one.

Perhaps a third of all those who learn to fly do it to earn a living. Essentially, there are three ways to achieve this.

Finally, there is the more usual method which involves starting as a private pilot and graduating to instructor.

Peter Kynsey, 34, the captain of a Boeing 737 for Britannia Airways, did it the hard way - although he had a lot of fun, too.

"A lot of jumbo pilots would be completely lost in an old-fashioned aeroplane like a Tiger Moth, for example.

Kynsey also is one of the few pilots privileged to fly those aircraft known as "warbirds" - the 40 or so aeroplanes from the two world wars still airworthy and in private hands.

That includes the bank manager, warbirds cost anything up to £2,000 an hour to fly, plus capital and air maintenance costs.

Where, then, does the money go? And how dangerous is flying? Cowburn answers the second question first.

engine overhauls - usually at 2,000-hour intervals for an ordinary motor - can cost £5,000-£7,000 although overhauling a Merlin, which powers the Spitfire, costs around £50,000.

"If your number comes up, you just have to say that you went doing what you enjoyed doing most."

The expense, like the danger, also is largely a matter of how far you are prepared to push it.

As to flying, the Civil Aviation Authority requires at least 40 hours' experience for the licence, of which at least 10 must have been under instruction.

Once you have obtained your PPL, you are free to fly passengers in a basic aeroplane.

It is more likely to rot to bits than go up in value. Because of the damp climate in this country, old aeroplanes need to fly to dry out the excess moisture.

Still, whichever way you look at it, flying is an expensive hobby and always costs more than you expect.

Generally speaking, an aeroplane holds a Certificate of Airworthiness for three years but there is also a requirement for an annual check (plus 50-hour and 100-hour checks for those aircraft that fly enough to warrant them).

September may bring fair fishing for tiger, but to be at its phenomenal best it needs October.

The October crescendo of the sun's heat raises the water temperature to the essential 75F to 78F.

Its scientific name is *Hydrocynus vittatus*, and it belongs to the family *Characidae*.

Such a fish as the tiger is - violent and brilliant - could live only in a hefting environment; and indeed so it does.



Bernard Venables and his tigerfish capture

The BIG catch

Tigers burn brightly

OCTOBER in Zimbabwe brings the jacaranda blossom. "Ah," they say, "the jacaranda's out - tiger time again."

Its name could really be no other. What else could you call a fish so metallically burnished, so blackly striped along its sides and, in its season, with such a flare of flame-coloured fins?

September may bring fair fishing for tiger, but to be at its phenomenal best it needs October.

Such a fish as the tiger is - violent and brilliant - could live only in a hefting environment; and indeed so it does.

In Lake Kariba fish are of many kinds. Pre-eminently there are kapenta, a tiny, slender, silver slip, but teeming in its millions.

Boats will be ready with trained guides. Tackle may be hired if needed. You go by road to Chirundu staying, if you wish, at the Chirundu Hotel. It will book your boat and guide.

So at Spurwing Island you wake at first light and ease past the heron that commands the jetty. The boat bears you swiftly to a place privily and seriously known, there to tie up to a dead arm of tree.

Now must come chumming - a liberal scattering of kapenta to engage and hold the ravenous attention of any passing school of tiger.

Then, the unseen frenzy of the tiger on the end of the line. Now the other person in the boat must take in his line - that is urgent because there are snags enough for the tiger's use - and must scatter handfuls of kapenta because the tiger makes its shattering leap signals the arrival of a school of tiger. They must be tempted to stay.

That tiger may not reach the landing net; it may cast the hook; it may defy the rod's bend and reach the tangling tree skeletons. Such are the chances that give savour to success when success comes.

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He-man of the hills

Gerald Cadogan on Dorset's male chauvinist

TRIUMPHANTLY male and brandishing a club as he walks off to the right, the 180ft high Cerne Abbas Giant cut in the chalk of Dorset is one of the Seven Wonders of Wessex.

If you do not know him, go and see him. Then send postcards to your friends. The Post Office can't refuse to handle them since the giant is a national monument.

Dorchester) above the village of Cerne Abbas. In size and technique he is like the Long Man of Wilmington (in Sussex), but the Long Man is stationary, and his two staves and no genitalia.

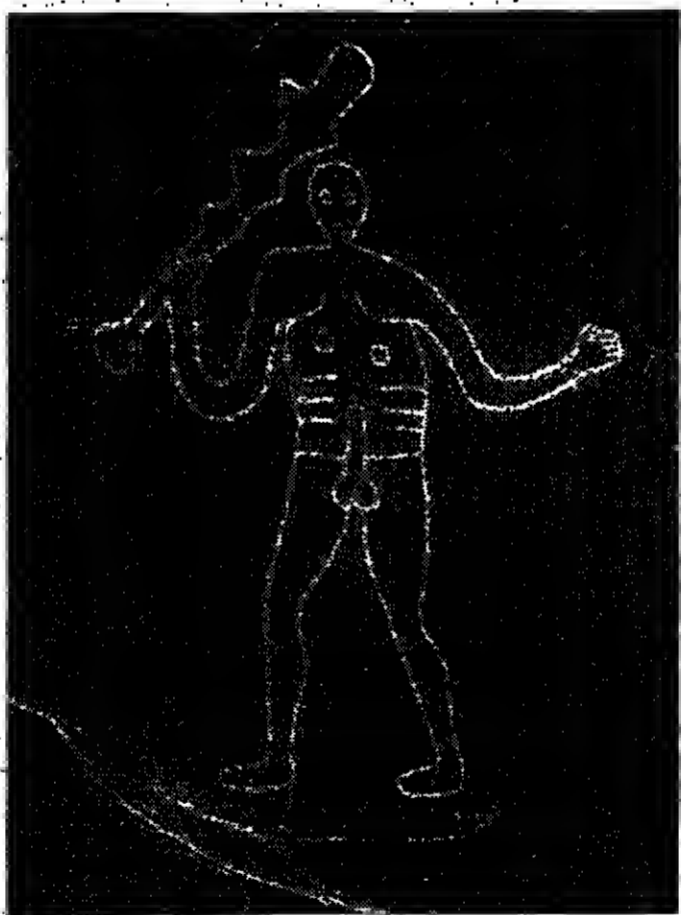
So who is he and how old is he? One suggestion is that the giant is Hercules and that he was cut during the Roman Empire. But there are problems with this view. If he was pre-Christian, how could he have survived the foundation of Cerne Abbey in the 10th century? Would the monks have allowed the regular maintenance? Imagine the village ribaldry at scouring time.

In fact there is no mention of him in medieval documents, not even just before the dissolution of the abbey in 1539 when one monk accused the last abbot Thomas Corton and other monks of not looking after the property, taking mistresses and giving their offspring goods that were the abbey's.

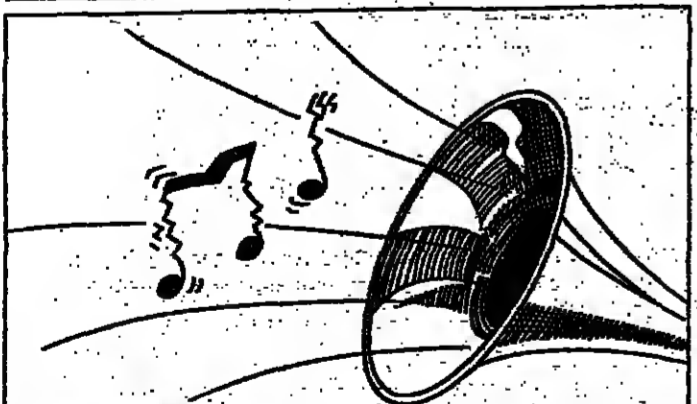
It is hard to know how this error happened, but it suggests a long period of disuse. The giant was presumably scoured from time to time after 1794, but we have no certain date for a scouring until 1868, when the local clergy thought the job would corrupt the villagers.

That still leaves the problem of his age. If he is not Roman and is not recorded until the 1700s, what is he? A suggestion that makes sense is that he was cut or recut in the 17th century, perhaps by the Dorset Clubmen in the 1640s. They were a group of Dorset men who did not want to be involved on either side in the Civil War.

This was more pragmatic than the suggestion of another man of Dorset who was so upset on seeing the giant that he wrote to the Chief Constable, and started a campaign for converting him "into a simple nude".



The Cerne Giant: kindly old Dorset man or macho monster?



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FASHION

What every business newcomer needs: the advice of a benevolent godfather on the clothes that will help you on your way

**Y**OUR mother tells me that you are going to be a City girl - and Lloyds, at that. Congratulations. I never doubted that you would shine in the interview and I am certain that you will skip up the promotion tree in no time at all. You see, my dear, underneath the ingenuitous charm, you are a survivor. That madly expensive school that your mother insisted upon is paying dividends. It has trained you to be tough without seeming so - a perfect combination to make a girl successful in the City.

# Classy rather than flashy

Can I give you a few words of advice about dressing for the part? You will find that coming out of Chancery Lane station every morning you will think that you have stumbled into an air hostesses' convention. You will be surrounded by girls wearing suits of a uniform (in both senses) banality. But this is good for you. They look so boring that, with a little imagination, you can break the mould without looking so dashingly fashionable that it makes your boss edgy. Unlike your brother, who needs to merge if he is to be successful, you can stand out. Of course, you are not going to do anything so vulgar as making a fashion statement. You must not flash like a beddy-cut diamond; you must gently shimmer like burished gold.

shop in Old Compton Street opens in the first week in October. I expect you already know that the only tights are 10 denier, Barely Black by Pretty Polly (£1.25).

To come back to that dreaded air hostess look. You have to wear a suit, there is no way around that, but it doesn't have to be the same as everyone else is wearing. Having said that, there is an enormous temptation to do it the easy way and pop into one of Austin Reed's three city branches. If you do, you will find suits perfectly pitched for the working life you will have. Austin Reed have made a great effort to give City girls what they need and even hold regular champagne customer lunchtime receptions with models showing the range. This season they have a very chic new City suit with a collarless jacket and short skirt in navy or grey chalk stripe at £145. Highly professional, but not boring. Jaeger have also made real efforts to understand the market and they do a very practical navy gabardine double breasted jacket and straight skirt at just over £200.

These are your basics, but you can add more "fashion" suits as and when you can afford it. Do you remember that small legacy you were left? Maybe you should dip (gently!) into that and buy one more suit. You could do no better than go to Whistles. Lucille Lewin, whose firm it is, has an amazing nose for what is up and coming, so her own-brand Whistles suit has to be a winner. It comes in five jacket styles in black, grey or navy gabardine (£125) and has a matching short skirt (£45) or - and Lucille thinks that this is the coming look - a longer one at £69.

Otherwise, look at Nicole Farhi, who does a fabulous charcoal grey flannel suit with subtle white top stitching - very laid-back and glamorous for £250. In this higher price range, Jasper Courran's washed gabardine jacket in navy (£307)

and knee-length skirt (£118), made in Italy, are good value. You are probably not quite ready for that price, but you will be soon. Remember, Lloyds girls have to be a lot smarter than most in the City because they go out and about much more. Also, when they travel they take their favourite suit and have it copied overnight in Hong Kong.

Whatever you do when it comes to a blouse do not fall into the pussy-cat bow trap. A simple Armani-type silky T-shirt is what you need. If you feel you want something warmer then Jasper Courran's Lycra polonecks (£55) are perfect. A traditional reverse-colored cotton blouse in white or neutral with an albatross self-pattern (which sounds glassy but is actually very subtle) can be picked up at Jaeger for £79.

To end, I'm going to be a little bossy. For the last three years you've been able to get away with murder. You've had no money to spend on clothes and you've done your best with your student rag-bag miscellany of misaligned garments. But those days are gone. You are now a professional woman and you must dress professionally. Keep everything simple and you will be fine. In case you think that you have to sacrifice femininity for efficiency I'm sending you a favourite perfume of mine: Shalimar. Understated, classy, you can't do better than one of the Guerlain classics. Use it sparingly. You mustn't overwhelm the boss.

Colin McDowell

# Suit your self

**WELL**, congratulations. I've just heard that you've landed the job after all. First a 21, and now this - it's gratifying to see one's godson following in one's own footsteps.

But I did want to give you a word or two of advice. I couldn't help noticing at your graduation that you were still wearing that brown pinstripe suit, which I seem to remember you bought for your interview three years ago. Somehow, I suspect that you wore it for your milk round interviews, too. Now, I know you



Drawings by James Ferguson

haven't got anything left from your grant, and true, that suit probably hasn't seen much wear over the last three years. But I'm afraid that if you want to make the right impression on your first day at work, it just won't do any longer.

There's something about student suits which make them stand out, particularly in an office. Remember that there are only three acceptable colours for a serious business suit - navy-blue, grey or black. A few of the younger element are wearing Prince of Wales checks, it's true, but none of them are wearing Northern chemist pale blue, or mathematician brown.

So before you enter the serious world, get yourself a good, basic pure wool suit. If there's one area of menswear which has been revolutionised since you went up, it's the suit, and if you choose carefully nowadays, you can find dark, classic off-the-peg suits which will leave you change out of £200.

I see a lot of chaps dressed in Next for Men suits, and while the distinctive designs do become a little too common around the City, if you pick something plain enough to be unremarkable, it's still a good place to start. Equally, Wood-

house has now opened a City branch, and among its more expensive Armani and Boss designs, you can still pick up plain suits under its own label for around the £200 mark.

But I've also noticed that Blazer, where I used to get a lot of usual clothes and accessories for your Christmas presents, now does an excellent single-breasted navy suit, which is extremely good value at £175; the cut is modern enough to keep you happy, but classic enough not to raise any eyebrows. I'd suggest a visit to the Long Acre branch.

Now, I've got a feeling that in your new fast-moving life, you're not going to find much time for ironing. So at the same time, get yourself six shirts in a "cotton rich" Oxford cloth, of 30/70 polyester/cotton. The button-downs by Hathaway (£21 at Fenwick's, also stocked by Simpson's, Selfridge's and others) are ideal. If you take these out of the wash and hang them up to drip dry, most of the creases will fall out, and the shirts will be perfectly wearable without ironing.

Yes, I know I've always insisted on pure cotton shirts for myself, but let's be practical. The high cotton content

means these shirts don't look or feel like artificial fabrics - and yet you can get away without ironing them. When you're earning a bit more, you can indulge in cotton shirts, and then subscribe to one of those services like Shirtpoint (01-373-0158), which will pick up your linen from your desk, and return it there 48 hours later, cleaned and pressed. But in the mean time, compromise, young man, compromise.

Sadly, however, there can be no compromise on shoes. They must be black, not brown, which is for the country, and not burgundy or grey, which are for the lads in the post room. And certainly not those spongy looking creations which most undergraduates seem to slip around in. For heaven's sake get yourself two decent pairs of black lace-ups, either plain black Oxfords or semi-brogues. And by decent I mean Church's or Gerson's, something like that. They're worth it in the long run. If you go to McAfee (Bond Street, Knightsbridge, branches), you can even get away for just under three figures a pair.

Wear them on alternate days, and do keep them polished, won't you? Your college tie will be perfectly adequate, but if you get a chance, pop into T.M. Lewin & Sons (Jermy Street, SW1). They've got the best value silk ties in London, in much more tasteful designs and impressive fabrics than those little cabin places on the High Street that

the juniors frequent. Their spotted ties are the most competitively priced in the capital. When you do decide to trade up to cotton shirts, this is also the best place to go. And trust their judgment; if Lewin's sell it, then your boss will like it.

As far as accessories are concerned, the best thing is to forget you ever went to university. That fountain pen I gave you for your 18th birthday, and which, incidentally, I've never seen since, will be a lot more acceptable than those lurid green rollerballs which all Natural Scientists seem to use. Similarly, that battered old leather briefcase which you used at school is honestly more appropriate than that nasty plastic case in polycarbonate and chrome.

But, back to basics. Six shirts will cost you around £130. The suit will set you back £175, and then there's £200 for each of your two pairs of shoes. For £500, including a tie or three, I think you can get yourself kitted out respectably enough to survive until you can afford better for yourself. To be frank, if you look out a loan to do it, it would be money very well invested. But, as I've belatedly graduated present, let me find your entry into editorial adulthood with the enclosed cheque. If you spend it as I've suggested, then I hope no-one will even notice you on that first day in the office. And as Trollope said, the best-dressed gentleman is the one no-one observes.

Paul Keers

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### ALUMINIUM

The Financial Times proposes to publish this survey on 26th October 1988. For a full editorial synopsis and advertisement details, please contact:

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## The Asbach Story

It could easily be argued that Ruedesheim is the gateway to that most beautiful part of the River Rhine with its vineyards and castles.

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**Asbach Uralt**

The Great Brandy from the Romantic Rhine

## Food for Thought Time to get in a pickle

**I CAN'T** go on complaining about this summer, but really, what about my tomatoes? Tomatoes, did I say? There's a laugh. I mean those round objects about the size of billiard balls which are the colour of emeralds and of much the same consistency.

If very much looks as if the Fort family will be OD-ing on green tomato chutney again. Not that I've anything against chutney per se. Quite the reverse. Of all the riches brought to this country from East India I rate chutney as about the most valuable.

It solved our green tomato problem at a stroke, and showed us what to do with our surplus apples, rock-hard pears, dried-up raisins, unclaimed pumpkins, and mouldy mangoes - in fact with almost any old fruit or veg.

This thrifty way with unripened or inedible goods has earned a fascination over the food industry, particularly over the emergent home-span sector.

Now we are faced with larders full of pots prettily emblazoned with labels redolent of home, Queen Victoria and the East. In them are fictional cook or pantry or Indian Army officer whose name has not been pressed into service to add a bit of ersatz authenticity to curious mixtures of fruits, spices, sugars, stabilisers, soured and starched.

Who am I to say that they are not, well, quite tasty. But they seem to miss two essential points about chutney. The first we have already mentioned - domestic thrift.

The second great pleasure of chutney lies in its individuality. Make it yourself, and you never quite know what it's going to taste like. No jar will taste quite like the next.



guard product is still a standard product, no matter how high the standard. Ultimately it's predictable. It's boring. If you hunger after a dash of colour, excitement, challenge, life on the brink, make your own chutney.

The indispensable Domestic Preservation of Fruit and Vegetables Bulletin No 21 of the Ministry of Agriculture, (HMSO), 1966 edition says: "In chutney making there is scope for individual taste and ingenuity in combining different ingredients to give distinctive flavours."

Shall we use malt vinegar or wine vinegar or shall we be bold and imaginative, and use sherry or even rice vinegar? Shall we use Lebra raisins or those Sun-Pat raisins from the Sunshine State that the children refused to eat the other day?

Shall it be golden syrup or brown sugar or golden syrup or white sugar and brown sugar? Shall it be apple or marrow or ripe tomato and marrow. Shall we add dates or garlic or shallots? And then there are the spices.

Along with the vinegar and the salt, the spices are an essential preserving agent, so they have to go in. But think of the permutations on the cinnamon, cloves, ginger, nutmeg, paprika, pepper and pimento suggested for the mixed spice mixture rec-

ommended by the Ministry of Agriculture. It's enough to make a computer howl a note.

Whichever combination you choose to express the vibrant side of your personality, stew the ingredients slowly, for two hours or even longer in an enamel or stainless steel or aluminium pan. Definitely not in copper or iron as that will produce a singularly unpleasant metallic tinge to the flavour.

And the same goes for when you sieve it. Nylon, if you please, or stainless steel. Of course your house will stink of chutney for days afterwards. That is a drawback.

My mother was sorting out some of her jam and chutney shelves the other day and came across several pots of the 1973 vintage. She was quite prepared to consign them to the dustbin but found that there was no need - now they sit on my shelves.

In fact no chutney should be touched for at least six months. There is some difference, I grant you, between six months and fifteen years, and you may ask why it hadn't been eaten.

That brings me to chutney's second drawback. One pot goes a long way. I know that it's delicious with cold beef, cold pork, cold lamb, cold anything, but you can eat only so much cold meat.

If you are a curry addict, then you have no problems, but I can assure that my delicate digestive tract could take the daily assault necessary to get through a larger full of the stuff.

A spoonful or two can do wonders to a shepherd's pie, and even to steak and kidney pie (I know it sounds odd, but it's worth a bash), and no ploughman's lunch is complete without it. But that's about it in my book.

Peter Fort



HOW TO SPEND IT

Sit down, put your feet up, and start shopping

Ideas for armchair shoppers: Lucia van der Post reviews the Christmas offerings available from mail order catalogues

It has never been easier to shop for Christmas. These days mail order buying has been honed to a fine art. Simply lift the phone, have your credit card at the ready and it can all be done in a day.

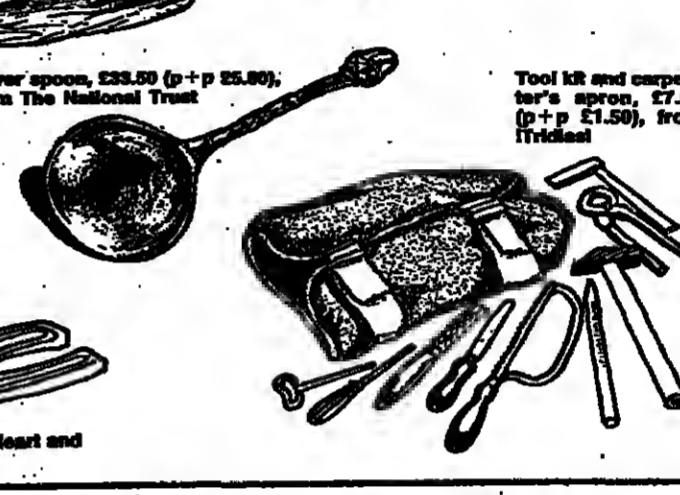
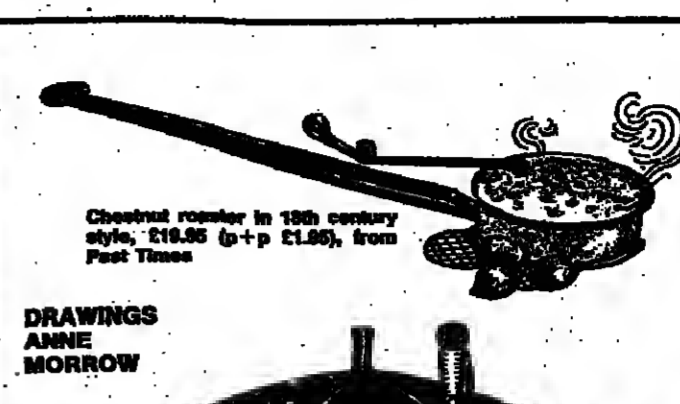
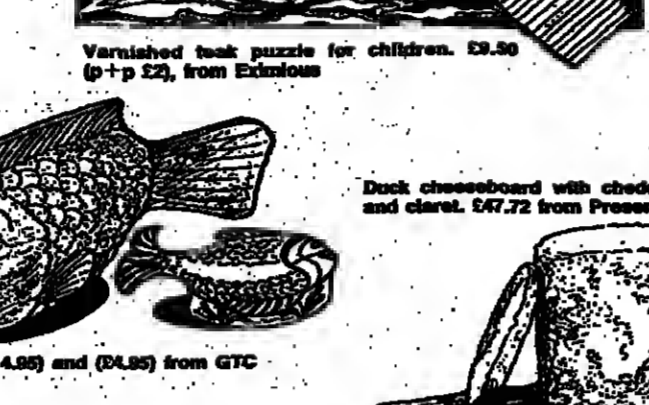
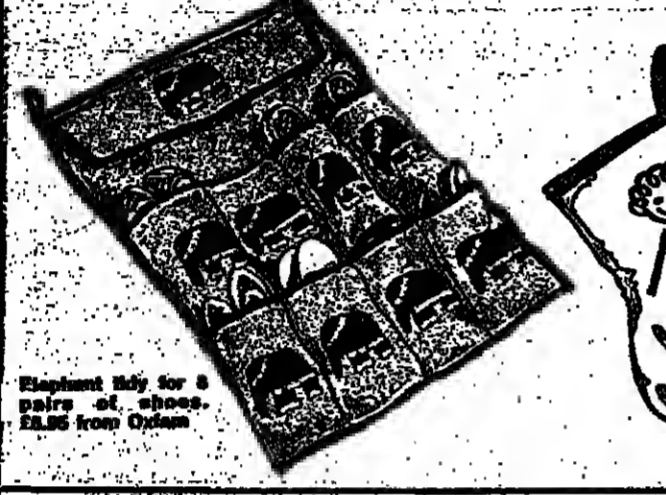
The biggest hurdle is reading the instructions. Some catalogues are free, others charge a small fee which is refundable when you make your first purchase. Charges for postage are listed and should be carefully studied. If this is the year when you've determined to plan ahead, have everything chosen and wrapped before December arrives, then here is a list of some of the best and most useful mail order catalogues around.

V & A Enterprises, PO Box 46, Burton-on-Trent, DE14 3LQ. Tel. 0223-518111. Small, select little catalogue, specialising in careful reproductions of ancient artefacts. Choose from faithful copies of 10th century Columbian earrings in sterling silver or gold plate (both £34) - from a selection of Japanese watsuki subjects (£6.95 each) - from glassware copies of excavated pieces from the Roman empire (£14.95 for a jug, £40 for an urn or a carafe) or a solid bronze horse (4 1/2 lbs by 2 1/2 lbs) based on one of the Kelvingrove horses. A good catalogue to search for Victorian-style Christmas accoutrements - crackers (£12.99 a box), cards, cakes and candles (12 sandalwood scented red candles for £5.99).

The General Trading Company, 144 Sloane Street, London SW1X 8BA; £1, refundable on first order over £10. As always, filled with a small, carefully edited selection of delectable suggestions. GTC aficionados will recognise many of their favourite items but new this year are some good-looking plain dark green tree lights (£13.25), a pretty hand-painted wooden planter from India (£16), a fold-up carrying handle, leather straps and a compartment to store the woollen rug (£23). Also a small selection of children's toys.

The National Trust, P.O. Box 101, Melksham, Wiltshire SN12 8 EA. Tel. 0225-705676. More and more on offer each year. Lots of books (mostly celebrating the English country house life) at £1.95. English Country House by Paul J. Bennett (hardcover £16.95) and a riot of flora covering everything from china, (so far) it is almost kitchen enough to be desirable), to quilted cotton bags, towels, toiletries, mugs and trays. Some of the toiletries are actually rather lovely - sweetly-scented drawer liners, scented soaps and essences. Don't forget the food - most famous is its Dickensian-looking round Christmas Pudding (£5.25) - fine teas, mustards, jams, cakes and hand-made chocolates.

Past Times, Guildford House, Hayle, Cornwall. Tel. 0736-753444. A watch with nostalgia for things old and rare, here is a collection of copies of artefacts from every age of our island history. There's a Pictish deer brooch in sterling silver (£24.95) based on a deer motif found on a stone in Aberlona, Angus and dating from about the 8th century. There are copies of earrings from the bronze age (£24.95), a fine heavy brass torc (£19.95), Roman spoons and rings, sampler, a book of World War II recipes, art deco brooches as



well as wrought-iron footstools and bootlaces. Exklusiv, 10 West Halkin Street, London SW11, Tel. 01-877-3888. Coats £2 which is refundable on the first order. The mixture as before - tasteful country house presents from the monogrammed luggage that made its name to Jany Ivory hairbrushes and combs, all glossily and beautifully presented. New addition to the range, a handbag, a pair of shoes and a pair of socks. The handbag is navy trimmed with red. Good pure botany wool gentlemen's socks (£26 a pair, with initials incorporated), polished pewter brushes and jugs, sturdy varnished wooden hangers with rubber trouser grip (£15 for three), wooden coasters and ship decanters. If you like personalised presents, go for the hand-painted enamel boxes - for £12 a time you can have your own house painted onto the lid (but note that three weeks notice is needed). Saville-Edells, 41 Queen Victoria Street, London EC4. Tel. 01-248-1192.

Lots of rather chi-chi bar presents but also gold and silver-plated cufflinks, tiny alarm clocks, exquisite little boxes, handpainted jardinières and cushions galore. Tridial Mail Order Dept., The Ice House, 124 Walcot Street, Bath, BA1 5BG. Tel. 0225-69455. This is THE catalogue for mothers, fathers, grandparents and godparents. No need to face the scrums of toy departments, just browse through the Tridial catalogue and you'll find something for almost every age and price group. There is an Electric Bell Kit (£6.50) for the electrically-minded, dolls houses for the domestically-inclined, rocking horses for the well-heeled (£475 a time), a grandfather clock jig-saw (£18) for the patient, puppets for the theatrical, and a whole host of stocking presents all priced at under £1. Present Affairs, 226 Fulham Road, London SW10. Tel. 01-581-2477. Small but rather smart little catalogue, filled with chic little ideas for Him and Her. For HIM: bright, modish silk braces, pewter hair and clothes brushes, white boxer shorts embroidered with initials or names, matt black gadgets. For HER: stick jewellery, elephant and lizard brooches, china oblate and "fun" nightwear. For the kids: long bear snarl, hand-painted Noah's Ark, named pencil boxes and navy blue sweaters featuring a bear with balloons. Everything can be gift-wrapped.

A good place to look for Christmas cards - there's lots of choice - also for all the rest of the Christmas paraphernalia: wrapping paper, gift tags et al. If this is the charity you'd like to support you could probably find something for most people on your list. Some sweet toys for children - a good wooden train set with painted wooden guards, a clown night-dress case, some coloured pencils or a puzzle. A tiny travel alarm-clock (£12.95) for the frequent traveller, a framework letter rack (£7.95), an automatic sensor that lights up your house whether you are in or out (£5.95), a fine torch (£9.95), some woolly feet warmers (£4.99) or a pack of honeycomb soaps (£3.99). The Chest, Heart and Stroke Association, 29 Halcroft Court, St. Margaret's Way, Huntingdon, Cambridgeshire. A really very thin little catalogue but if this is the charity you favour you could buy your Christmas cards and a few rather dull but useful presents from it - choose from three plain cotton handkerchiefs (£3.75) or a small solid brass photograph frame (£3.99). British Heart Foundation, P.O. Box 125, Burton-on-Trent DE14 3EA. Tel. 0223-510111. Lots of cards, wrapping paper, ribbons, crackers, candles, address labels and the like - all, if ordered in time, can be overprinted with your name and address (in Welsh, too, our Welsh readers will be delighted to know). There's also a selection of presents ranging from the pretty (tapestry purse or spectacle case, willow pattern tea cosy) to the highly practi-

(£2.50), lacquered jewellery from India, malachite beads from Kenya and, for those who think charity begins at home, a sturdy wooden garden seat (£44.50) from the St. John's Training Workshop in Grimsby. The standard of workmanship looks higher this year than ever before and it shouldn't be hard to find something for almost everybody. Tridialcraft, Kingsway, Gatehead, Tyne & Wear NE11 0NE. Tel. 091-491-0581.

Another catalogue aimed at giving the poor of the world work rather than charity. Many of the items for sale come from community based projects in Bangladesh but there's lots too from other Asian countries, from Africa and Latin America. Brass Candelsticks from Moradabad (£4.95), jewellery from Sarlatrin in North India, earrings from Peru, leather from Calcutta, baskets from Nairobi, dhurries from Agra, toys from Sri Lanka - a colourful selection, less sophisticated than Oxfam, but appealing in its own way. Save The Children, FT, P.O. Box 40, Burton-on-Trent, DE 14 3 LQ. Telephone 0223-66311.

Something here for everybody, from Christmas cards to boxer shorts, from Victorian crackers to a rather ghastly Christmas pudding-shaped teapot. Good on small, inexpensive presents like dragon mobiles for £2.20, a wind-up speed boat for bathtime for £1.75 or a set of herb "seed sticks" for £1.75. Taste is eclectic rather than selective but browse through it and there's lots that's useful and ingenious. Imperial Cancer Research Fund, Customer Services Dept., Imperial Cancer Research Fund Cards Ltd., Burton-on-Trent, Staffordshire, DE14 3EQ. Tel. 0223-66311.

A favourite charity for many, it offers much the same selection as to be found in most of the other catalogues. Old English perfumed candles (£5.99 for 12), cards and wrapping paper, crackers and tree ornaments and then the usual pot-pouri of gadgets ranging from the ingenious to the useful. A good source of inexpensive, practical household presents. Don't look for high aesthetic standards.

The essential outdoor style that says...



Classic grooming and impeccable breeding... the assertion of individuality... the absolute statement of shoemanship - that is the Shoot Boot. Timelessly fashioned for the season... flawlessly crafted in supple leather and genuine, luxurious

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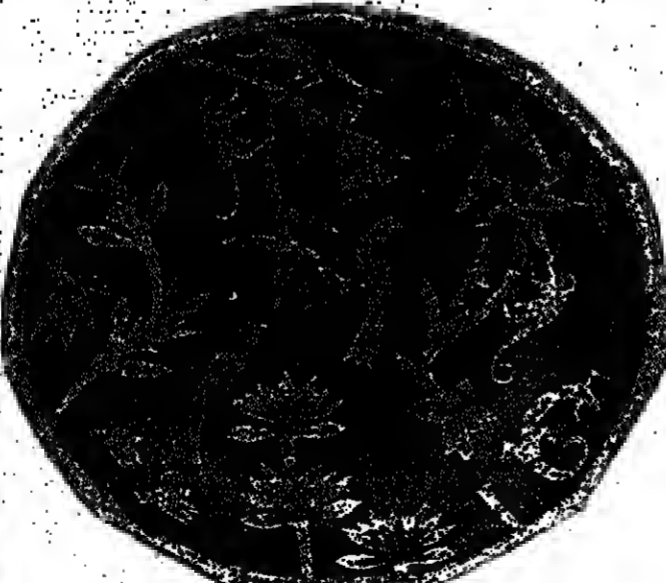
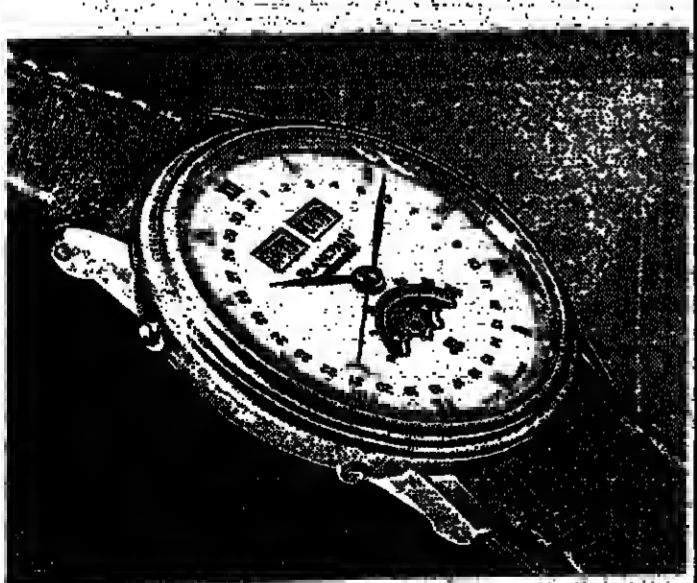
LADIES' CALF LENGTH BOOT 89 guineas approx. LADIES' ANKLE LENGTH BOOT 64 guineas approx. GENTLEMEN'S ANKLE LENGTH BOOT 74 guineas approx.



Morland's Glastonbury

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Crafty thinking

IT SEEMS only the other day that The Chelsea Crafts Fair was a new and fragile little seedling, needing lots of careful nurturing. Today, it is a vigorous annual in full bloom, an established part of the Chelsea autumn scene. This year, in a new departure, the Fair has been divided in two separate weeks. Anybody interested in viewing the complete work on show should hurry along for today is the last chance to view and buy the work of the first group of exhibitors. On Monday the new group moves in. But whether you go today or next week you will find fresh, original pieces. Look out for jewellery, ceramics, lots of clothing and knitwear, silverware, leatherware. Photographed here is a beautiful ceramic plate with a black background and a tropical motif by Jill Fanshawe Kato. The Chelsea Crafts Fair is at Chelsea Old Town Hall, Kings road, London SW3 and is open every day except Sunday from 10.00 am to 8 pm. Entrance fee £2.50.

BLANCPAIN

LONDON Carringtons, Mappin & Webb, David Morris, Garrard, London Hilton Jewellers, Watches of Switzerland, The Watch Gallery Tyne.

ARTS

Saleroom

Fund faces up to the market

**B**RITISH Rail Pension Fund's attempts to cash in its investment in art will face its greatest challenge on Tuesday. It is offering up thirty-five items of continental ceramics to Sotheby's important auction of ceramics and glass.

The fund acquired the ceramics in the mid-70s when Christopher Lewin of the British Rail Board convinced it that, with the world economy in turmoil, works of art might be a worthwhile alternative investment. In four years the fund invested £50m, or 5 per cent of its portfolio, totalling with Sotheby's as its adviser.

Since last year it has been selling sections of its collection, notably Old Master prints, silver, Japanese prints, and literary manuscripts. The results have been generally satisfactory, bringing in over £7.5m for the pensioners (with another £200,000 anticipated from the ceramics) and showing a return above the rise to the Retail Price Index if not one comparable to the increase in the FT Index - but in 1974 who could have forecast the Stock Exchange boom?

The ceramics are of the finest quality but this is one sector of the art market which has not enjoyed the rapid price appreciation which has infected Impressionist paintings or silver.

English ceramics have been neglected but run of the mill Meissen has hardly shown any worthwhile appreciation. Few Japanese are acquisitive here and the Americans confine most of their buying to folkly early English pottery.



Malolca dish of around 1540 showing Jonah being cast into the sea. Estimate up to £30,000

Not surprisingly, Sotheby's has placed fairly modest estimates on the objects up for sale.

For example, the most expensive piece on offer, an Italian malolca dish painted around 1530 by Nicola da Urbino with a graphic scene of the rape of Proserpine, carries an estimate of about £50,000 - the fund paid £26,000 for it in 1978, suggesting, in real terms, a fall in value.

The error in judgment belongs to buyers rather than the fund. Italian malolca can be viewed as the finest example of Renaissance art to survive in any quantity. They were seen as such in the early 20th century when they achieved prices much higher than those paid for comparable Old Master pictures. For some reason malolca has fallen out of fashion, with demand concentrated mainly on Italian collectors.

The appearance of so many rare and fine examples could draw in buyers. A Florentine drug jar, produced in the second half of the 15th century, carries a top estimate of just £25,000, as against the £13,000 paid by the Fund in 1976.

Antony Thorncroft on a pension fund's decision to sell works of art

Things are a little better with French porcelain. A Chantilly Kakiemon pagoda figure, made about 1755, which the fund acquired for £8,000 in 1975, carries a top estimate of £30,000.

To trumpet the attractions of this auction Sotheby's prepared an advance brochure for American museums provoking some interest. Much of it centred on a teapot and cover made about 1725 at the Vezzi factory in Italy. Only two hundred pieces have survived from its output and this teapot is exceptionally attractive; its top estimate is £35,000. The Glasgow museum and art gallery will be sorry to lose it, especially as it also surrenders the Proserpine dish.

private treaty sales with museums which have looked after its treasures. Other sales are also in the pipeline. On November 14 in Geneva the fund's European silver comes under the hammer and the next day two large Sevres classical vases, which sold for £7,000 at the Mentmore auction in 1977, should now realise £40,000.

As the fund's sales become more frequent there can, in retrospect, be few quibbles about the quality of the works that it purchased.

Very best - the Old Master Impressionist pictures - are to be kept for an even more propitious selling moment, but the important items on offer this autumn expose the relative decline in the quality of antiques appearing in the saleroom today compared with a decade ago.

For example, a console which J.H. Riesener supplied to Marie Antoinette for her "cabinet interieur" in Versailles, at its last appearance at auction in 1972, established a record for an item of French furniture selling for \$410,000 (£239,416).

This time at a French furniture sale in London on November 22, it should become the first fund piece to top £1m - and set another furniture record. It will be sorely missed by the Victoria & Albert; where it has been on loan.

The story so far of the fund's dabble in art is reviewed in the current issue of the *Antique Collector*. The financial risk in the initiative now seems less important than the part the fund played in the history of the auction rooms, giving an intense and seemingly irreversible push towards the marketing of art as an investment.

Perhaps its main error was linking up with just one auction house, Sotheby's, which enjoyed a substantial financial gain from the purchase of the objects, often from its own rooms, as it now repeats the profitable experience by arranging the sales.

Radio

The other side of the picture

B.A. Young finds that Rembrandt was an uncharitable art-capitalist

**I**N SEARCH of Rembrandt (Radio 3, Monday) was not about the authenticity of any of Rembrandt's paintings, a topic to which the exhibition at the National Gallery may lend current interest. It was about the authenticity of Rembrandt. A popular conception has been that he was a great humanist, that it was his devotion to art and artists that led to his bankruptcy.

John Jacobs, curator of the Iveagh Bequest, has found some interestingly different ideas among the experts. A great collector Rembrandt certainly was, but because he knew the value of what he was collecting. He was an art-capitalist. In the various court-cases he was involved in, he showed up uncharitable and unfriendly. His devotion to the liberal Calvinists and the Catholics was simply due to their liking for art.

He was interested, incidentally, to hear that in his studio the models were encouraged to act, so that their poses should genuinely show what they intended. The early "wild man" self-portraits showed Rembrandt in theatrical guise. The model was of particular interest that so much of a personality could be deduced from the paintings, an example of the ingenious way radio may deal with visual art that listeners cannot see.

of *Dada and Co.* (Radio 3, Tuesday), but this was drama, not criticism. The hero of the piece was not Tristan Tzara (Sven Dala), who supplied the name Dada from a random look in his dictionary (as we heard him doing in the last moments of the programme). Tzara was just the resident comic. The hero is Hugo Ball (Gerald Murphy), who opened the Cabaret Voltaire in Zurich, where Tzara and Janko and Huelsenbeck and Arp and other irrelevant artists not in Derek Lister's play displayed their routines. (Zurich doesn't sound as much fun as Tom Stoppard made it. Where was James Joyce?) This relentless pressure of keeping one step ahead of the audience," Tzara insists, "giving art an enemy."

Sadly, the reconstructed Dadaist jokes don't seem very funny now, and the inter-act shifts to the romance of Ball and his religious Emma (Julia Covington), who likes to hum Verlaine's "Une sainte en son aureole" and tends him in his fatal cancer. Their last Dada encounter was with Hans Arp (Struan Rodger), but he had left the movement by then and joined the Communist Party, a better place for such a positive man. I wish I felt that I had either been more amused or learnt more about Dada. Probably the Dadaists' fault; they were never sure if they were artists or jokers.

Social disputes at a different level were displayed in *Squaring in a Goldmine*, the last of Radio 4's half-hour Tuesday afternoon plays labelled *Tuesday Follies*. Here you have ambitious Tzara (Robert Glenister) buying a house in a run-down area in the belief that its value is bound to increase and make him a fortune. Never mind the tramps and stuff, he tells his dubious wife Anne (Moir Leslie); the basement is so secure no squatters can possibly get in.

But they're already, and they include Cash, a battered wife, and a baby who needs looking after. When Anne volunteers to look after it (very inexpertly), we have an upstairs-downstairs situation of a new kind. Giddy is the battering man; he believes that Mrs Thatcher is going to drop a nuclear bomb on them, but that doesn't stop him drinking. I didn't altogether believe to either upstairs of downstairs (Robert wouldn't be eating *au teo* to the evening; he'd say supper, or even dinner). Still, Steve May's play is entertaining and even instructive in a way.

On Fridays, Radio 4 offers a 12-part serial by Don Taylor, *God's Revolution*, about the horrible Cromwell. I have heard the first two instalments, but I must have a good deal more before sitting in judgement on it. It might try to make me like Cromwell.

Dangerous living

James Bredin reports on forty years of Any Questions

**Y**ESTERDAY evening's *Any Questions?* - a radio programme which has always lived dangerously by going out "live" - celebrated its 40th anniversary. (There is a repeat of it at 1.10 pm today.) It was a special, hour-long edition broadcast from the Grand Committee Room in the Palace of Westminster. Bernard Weatherill, the Speaker, hosted a reception for an invited audience of up to 200 past panel members, the programme's inventor Frank Gillard, and past chairmen, and producers.

This is not the programme's usual style. Most Fridays panelists find themselves at a village hall in, say, Morayshire or, perhaps, a civic centre in Dorset, faced with an audience of local people.

At its peak in the 1950s, 16m regularly listened to *Any Questions?* Since television took over the bulk of the evening's audience from radio, the programme reaches only about 2m but it still travels 12,000 miles around Britain each year. There is a queue of around 4,000 places eager to be its next venue, and it can do a very effective public relations job for the BBC in each of them.

informed and entertaining events which interest the audience each week.

The panel has a core of regulars all the way back to professional countrymen Ralph Wightman and Arthur Street in the 1950s. One of its pleasures is hearing well-known people being asked to take a view on a subject that they are not expert in. Dr Bronowski had the good sense simply to say nothing if he had nothing to say. Bishop Trevor Huddleston and politician Anthony Crossland were liable to brush aside or ignore frivolous questions.



Freddy Grisewood who chaired the radio programme "Any Questions?" for 19 years until his 80th birthday.

Chairman and producers have been devoted to it, not to say inseparable from it. Freddy Grisewood chaired it for 19 years and Carole Stone, its current producer, has been involved since 1977. She became a producer of the BBC's breakfast television in 1983 but soon came back to what she, like Michael Bowers (producer 1953-1977), regards as "the best job in the BBC."

She loves the weekly journey to the next major city or unfamiliar remote town or village, the pleasure of creating an atmosphere for the chairman and 12 guests over dinner which will result in a lively programme after it. The unpredictability, the spontaneity and excitement of a "live" programme.

What kind of qualities

should these panel members bring to the programme? Jonathan Dimbleby, the chairman, sees the ideal as someone who can think fast and react unhesitatingly, talk with clarity on complex subjects and with a sense of humour on the light-weight ones, offer (if a politician) unpredictable political thoughts rather than the party's boringly predictable brief, and be able and willing to take part in a civilised discussion rather than merely answer questions.

Does such a paragon exist? Probably not, but Michael Bowers, producer from 1963 to 1977, believes that Lord (Bob) Boothby came nearest to it. Others who come close include Lord St John of Fawley (Norman St John Stevas), John Mortimer, Glenda Jackson, Tony Benn, Ann Leslie and Kenneth Powell.

today in what Carole Stone calls the maverick role.

The mavericks could be industrialists or businessmen, but they have been generally reluctant to appear on the programme. Carole Stone thinks this is because they don't want their political opinions known. Bidding tycoons and captains of industry should think again and consider how valuable a platform it could be for them.

*Any Questions?* has changed very gradually in its 40 years. John Timpson as chairman started some listeners by being jokey about people and places. Jonathan Dimbleby takes an occasional show of hands among the audience after panel members have had their say. David Jacobs and John Timpson sometimes asked questioners for their views.

What hasn't changed at all is the programme's unpredictability. John Arlott, who appeared in the first programme forty years ago, once talked volubly on the effect of the fluoridisation of water on tea. The questioner had, in fact, asked about the effect on teeth.

Records

Strauss and Roussel opera

David Murray reviews Die Frau, Arabella, and Padmavati

**L**IKE KARL Böhm until his last year, the conductor and pianist Wolfgang Sawallisch has led a long, distinguished career - he is 64 now - with only cursory recognition in Britain. Though he scarcely needs it, we ought all the same to be embarrassed: he is not just another reliable German musician, but an interpreter of rare faithfulness and broad insights. Luckily, the opportunity of recording Richard Strauss's 1917 opera *Die Frau ohne Schatten* for the first time without any of the conventional cuts has fallen to Sawallisch; the result (EMI EX749074: 3 LPs, CDs or cassette) should impress not only Straussophiles, but anyone susceptible to late-romantic opera.

of removing excess tissue. Sawallisch's sumptuous restoration of his own recordings, which in the context of this whole exciting performance is easy enough to do.

Sawallisch's 1961 recording of *Arabella*, the last of the Strauss-Hofmannsthal operas, is now available on two CD releases (Orfeo 2 189 882E). Comparison with Jeffrey Tate's recent Decca account is unavoidable, though where Tate gave us the independent Act 3 torso (its text was only a first draft when Hofmannsthal died), Sawallisch's version which runs Acts 2 and 3 together. He offers bold, continuous theatrical sweep, against Tate's needle-point finesse; there are stylish rewards in both.

Sawallisch offers her for tender exposure. Contrariwise, Kiri te Kanawa's operatic handling was restrained within Tate's drier elegant guidelines. There is a still greater difference between the Zdenkas: I admired the husky tomboy of Tate's Gabriele Fontana more than some colleagues did, but for Sawallisch Helen Donath's undisguised soprano Zdenka is irresistibly sensitive, excitable and winning.

The EMI recording captures the splendid work of the Bavarian Radio Symphony and Chorus with the eager 702 Boys' Choir as the unborn Zdenka vividly and spicily, though on LPs - I haven't heard the CDs - there is some risk of congestion in the mightiest ensembles. Sawallisch has been allotted a notable cast, down to the smallest roles (Mariana Lipovsk's ripe soprano for the *Altstimme*, Paul Frey as the fantasy lover, Andreas Schmidt a commanding Spirit Messenger). Cheryl Studer's young fairy-Empress is bright, generous and heart-felt. René Kollo's Emperor Rudolf is efficient, and Alfred Müller's Dyer a model of warmth and honesty.

The balance between the young, frustrated Dyer's Wife and the malevolent Nurse from the other world is not ideal. The first is sung by the mature Ute Vinzing, intelligently sympathetic but liable to recall Inge Borkh on a rough night; the other is Hanna Schwarz, marvelously fresh, alert and

incisive - just the wrong way round. One has to appreciate them for their own merits, which in the context of this whole exciting performance is easy enough to do.

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Sawallisch's performance boasts ripe Waldner parents, a lover-lorn but plucky Matteo and a suitably pompous Elemer (Sawallisch's are respectively Walter Berry and Helga Schmidt, Adolf Dallapozza and Hermann Winkel). For Tate, however, the coloratura yodeling of the Flakermilli - Strauss's worst-devised role - was brilliantly saved by Gwendolyn Bradley, whereas Sawallisch's Elfriede Höbarth is abjectly defeated from her first entry. One's feelings about the central trio will make the real difference: elusive, tantalising Arabella, little sister Zdenka in hoysish disguise, ardent widower Mandryka from the Balkan sticks.

Sawallisch's vintage Mandryka is Fischer-Dieskau, charming with seasoned character; his wife Julia Varady is a mature, coolly self-contained Arabella, despite the scope

Another welcome CD transfer is Albert Roussel's operatic *Padmavati* (2 EMI discs, CD87 47891-2), based on a tragic Indian legend and completed a year after Strauss's *Frau*, another celebration of marital loyalty. Roussel had spent a long honeymoon in India.) Michel Plasseau's 1968 performance with his Toulouse orchestra does authoritative justice to the opulent colours of the score and to its "objective", ritual character. Marilyn Horne's formidable heroine is matched by Nikolai Gedda and José Van Dam, and the minor roles are cast from strength - Jane Berlé, Charles Burles, Laurence Dale.

Listeners who have been discovering Roussel's symphonies in the recent Dutch recordings will need no further encouragement. There is also a sumptuous new Plasseau version of the exotic *Evocations* for voices and orchestra (with Van Dam and Gedda again), an earlier fruit of the Indian honeymoon, on EMI CDC7 47887-2. The disc includes a remarkable rediscovery, the op. 4 symphonic prelude after Tuley's Resurrection, lean and soberly intense. Roussel is at last receiving his just deserts.

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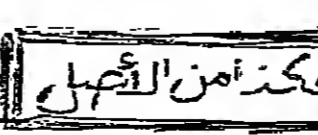
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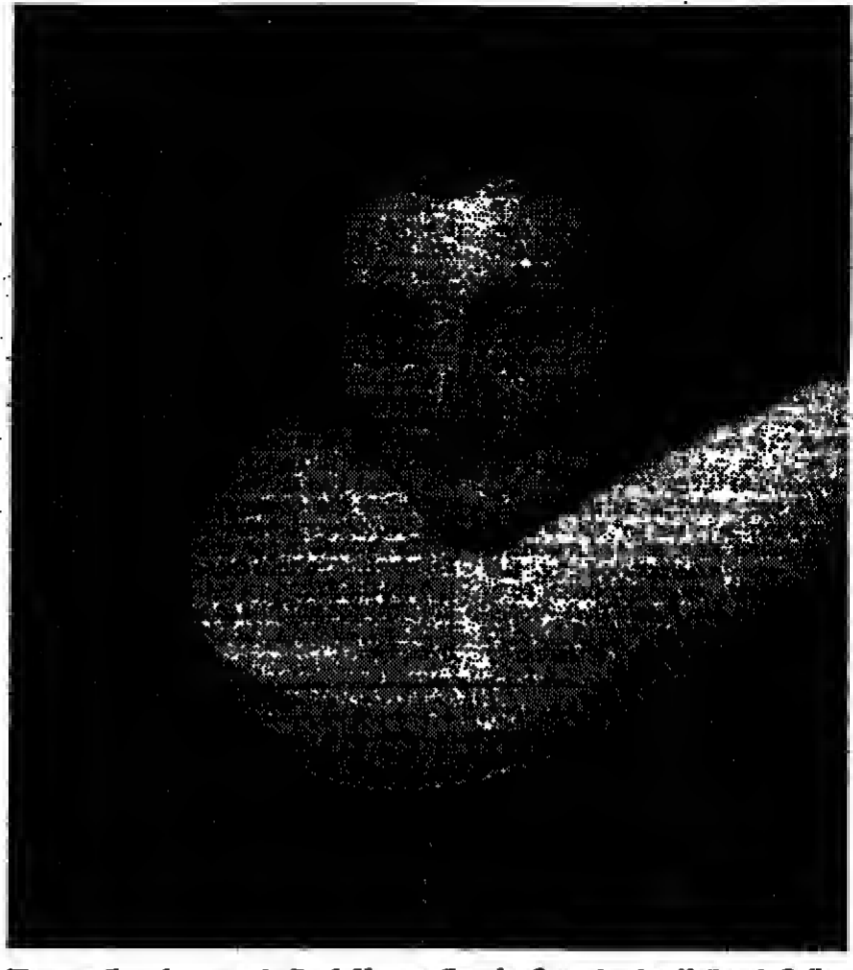


ARTS

These Rembrandts are for real

William Packer argues that research can foster unnecessary doubt

ART IN the Making: Rembrandt is the first in a series of annual study exhibitions at the National Gallery...



The smaller, finer portrait of Margaretha de Geer in the National Gallery exhibition which no master of the pastiche could have produced

subtlet yet most powerful and direct of practical gifts. And yet even here, at this one of the highest points of creative achievement...

There are two portraits of Margaretha de Geer in the show, both of them painted from life around 1661 and both magnificent.

But science now cast its shadow, with even that consummate ease of handling to be held against it as a point of difference.

The only real question is whether or not the portrait was painted from life, and clearly it was, for even the most gifted of pasticheurs could not reconstruct so subtly different a pose and cast of feature...

hand at the other end of the brush? The answer can only be yes, well, it could have been his. And the maddening corollary of such equivocation is that doubt creeps in.

Of course these things are all by Rembrandt, as who could doubt it who trusts his eye. Together they make a wonderful exhibition, with or without their technical exegesis...

Classy act in Paris

Michael Coveney on Chéreau's latest production

AS WE hear more this week of the tragic turmoil in Algeria, a new play in Paris harks back evocatively to the Algerian war with France that ended, after eight years, in 1962.

The enclosed provincial house looms along two walls with an arena thrust split down the middle by a moving traveller for beds and chairs. Thin doorways and illuminated windows are scattered like apertures on an Advent calendar.

The evening is despatched in just over two hours, sans interval, with tremendous panache. Piccoli displaying the full range of his exasperated, attacking comic repertoire...

Drama out of town

Harrogate Theatre has reopened with comedy, while Leicester and Cheltenham tackle tragedy

FORMERLY THE Opera House, the Harrogate Theatre closed in financial difficulties three years ago, but now this charming little 1900 auditorium has reopened with funds from Yorkshire Arts, Harrogate DC and North Yorkshire County Council.

the Princess of Sparta (Julia R. Taylor). The company seems promising, potentially stylish, disciplined and articulate.

the verse is grim indeed, the familiar story underlined by Jocaasta's peculiarly horrible death. Young playwrights, encouraged everywhere today, may care to mark how Ted Hughes has reached the extremes of horror without the use of any but drawing-room words...



Caroline Loncq as Lady Fanciful in 'The Provoked Wife'

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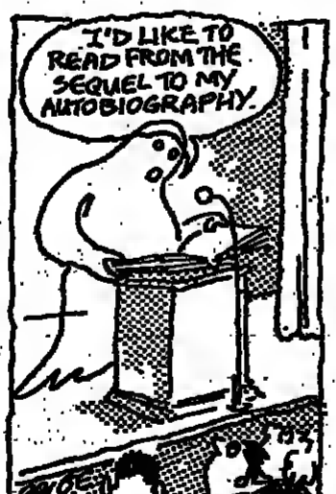
Sponsored by Salomon Brothers and The Henry Moore Foundation

Talk to stimulate the pen

B.A. Young at the Cheltenham Literary Festival

TWO GIRL students sat behind me in Cheltenham Town Hall on Monday. They were spending four days at their own expense to hear what they could of the Festival bounty.

the historical novel, not least to learn that Hitler "kissed his life out of Paradise". The subject of his newest book and Miranda Seymour on the private life of Henry James, of which one seems to know so little.



English, but Sorescu needed translations, read by Heaney and Williams. In the English always seemed longer than the Romanian, this is because Sorescu only read the beginnings of his verses.

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SPORT

A continent to conquer in 1994

Stephen Gardbaum on the US sporting barriers which soccer must overcome

SO THE 1994 World Cup will definitely be held in the US after all. Even now, a couple of months after FIFA's (Federation of International Football Associations) decision, this still seems about as likely as baseball's World Series being staged at Wembley, rather than Yankee Stadium.

There are three key features of professional sport in the US which combine to form this different culture, and which alone explain soccer's failure in North America. The first is the very specific influence of the three major American sports - baseball, American football and basketball - which are not major anywhere else.

Moreover, while the traditional English game that Americans are unable constitutionally to understand cricket might be true, the average American sports fan finds soccer almost as pointlessly slow and dull. Compared with the frequency of scoring action in the three main sports, the usual two or three goals a game stretches the concentration span of the US viewer beyond endurance.

American football and basketball players, in particular, are of a completely different physical stature to ordinary mortals and represent a bizarre modern version of the warrior gods of legend. Incidentally, given the huge salaries at stake, this fact involves a curious departure from the myth of the American dream in which all regardless of birth, race and, presumably, size have the opportunity of "making it".

The obvious motivation behind FIFA's decision is to open the enormous financial potential of the fast-growing soccer-free zone in the world, and in this they are backing the same horse as the TV networks. Whatever the immediate success of the venture, though, in terms of live audiences and television ratings - and this might or might not depend upon the credibility and success of the American team - the success of the larger and longer-term aim of establishing soccer in the heart of the American sports fan must ultimately overcome the fundamental barriers presented by US sporting culture.



ENGLAND'S first union rugby international of the season will be played tomorrow. The opponents will be Sweden and England will have to work hard to win. No, that is not a mistake. England really are playing rugby on a Sunday and yes, Sweden are a rugby-playing nation to be reckoned with.

Serious rugby without the macho problem

Ian Hamilton Fazey previews tomorrow's women's international in the north of England

kicking, more running and passing, and no violence. "There may be no deliberate punching in the mauls, but they don't play it soft. Rugby is a hard, demanding, physical contact sport. The women just don't have the macho problem of football which is so prevalent in the men's game."

weight is, for unlike many of her male counterparts in the game she does not appear to be hampered by a layer of blubber. She turns heads both on and off the field, and this makes for a good advertisement for both women's rugby and women in sport in general.



Captain Steve Peters with Gillian Burns of Liverpool

Debbie Griffin, a Richmond centre who has been playing for 11 seasons since switching from hockey at 19. She is a chartered accountant who works for Parcell Kerr Foster as a specialist management consultant on the hotel industry. Her personal computer is her main side in acting as honorary press secretary to the Women's Rugby Football Union.

to choose between the two games. They do now, opting for rugby instead, but Sunday playing has made for acceptability at many men's clubs. There are traditionalists about, of course. Griffin started her rugby career at University College London and helped set up the first club outside education at Finchley in north London.

Such goings-on are soiled in the US and Canada, where women at college have been playing seriously for 20 years. They play in Australia, and New Zealand too, and Richmond will be touring there next year. In Europe the game is growing in Sweden, Holland, Belgium, Spain and Italy.

But what about injuries? Contact sports are by definition risky. Burns says: "It isn't dangerous if you play correctly. I have had more injuries playing basketball and hockey. I broke my nose on a basketball court." Griffin once suffered "a small cut" to the face in one collision but says, as any male player would: "You have to go in and play wholeheartedly. If you go in thinking about the possibility of being injured, you will get injured."

Griffin says: "We have been growing faster and getting better faster than other countries because everyone is taking it very seriously and we have got some very good coaches from the men's game. We are biggest in Europe in terms of clubs. We are concentrating now on developing at the grass roots."

CROSSWORD

Crossword puzzle grid with clues. Clues include: 1 Across: A number came back into stronghold the devil won't take? (6); 5 Across: Set points on the sacred river (6); 9 Across: The commander-in-chief's head at industrial science (6); 10 Across: A god with a vote for love (6); 12 Across: Sailor to make love in cellar? (4,5); 13 Across: See 26; 14 Across: See 21 across; 16 Across: European or American Europeans back? (7); 18 Across: Climbing aid for doctor in 1049 possibly? (7); 21 Across: 14 11 20 Reform to advance one's reading? (4,1,3,4); 24 Across: See 26; 25 Across: Equivocation is major start of upset in friendship (9); 27 Across: Country without article, without food (6); 28 Across: Player at back put off without conclusion (8); 29 Across: Air marshal drying hay (6); 30 Across: Diana, for example, with barbarian locks (8); 21 Down: Cross about skilled not moving on stage? (7); 22 Down: Musical racket (6); 23 Down: Island where Persian leader is entertained by his king (6); 26, 35, 13, 24 Down: You and I agree to write "Mist and fog grow less dense with Desnoyer" in modern Greek (5,5,5,5); Solution to Puzzle No. 6, 769.

TELEVISION & RADIO

Television and radio schedule for Saturday. Includes sections for BBC1, BBC2, BBC4, Channel 4, Granada, HTV, Anglia, Central, Channel 5, Granada, Tyne Tees, Ulster, Yorkshire, Radio 2, Radio 4, Radio 5, and Tyne Tees. Each section lists program titles and start times.

SUNDAY

Television and radio schedule for Sunday. Includes sections for BBC1, BBC2, BBC4, Channel 4, Granada, HTV, Anglia, Central, Channel 5, Granada, Tyne Tees, Ulster, Yorkshire, Radio 2, Radio 4, Radio 5, and Tyne Tees. Each section lists program titles and start times.